

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,207

Friday April 10 1987

D 8523 B

European helicopters:  
two's company, three's  
a crowd, Page 24

Asia	Sch. 22	Indonesia	Sch. 3100	Philippines	Sch. 20
Bahamas	Sch. 1000	Israel	Sch. 1000	Portugal	Sch. 100
Bahia	Sch. 1000	Italy	Sch. 1000	S. Africa	Sch. 1000
Canada	Sch. 1000	Japan	Sch. 1000	Singapore	Sch. 1000
Ceylon	Sch. 1000	Kenya	Sch. 1000	Spain	Sch. 1000
Dominica	Sch. 1000	Malaysia	Sch. 1000	Sri Lanka	Sch. 1000
Egypt	Sch. 1000	Maldives	Sch. 1000	Sudan	Sch. 1000
Finland	Sch. 1000	Myanmar	Sch. 1000	Taiwan	Sch. 1000
France	Sch. 1000	Nepal	Sch. 1000	Thailand	Sch. 1000
Germany	Sch. 1000	Norway	Sch. 1000	Turkey	Sch. 1000
Ghana	Sch. 1000	Poland	Sch. 1000	U.S.A.	Sch. 1000
Hong Kong	Sch. 1000	Romania	Sch. 1000	U.S.A.	Sch. 1000
India	Sch. 1000	Soviet Union	Sch. 1000	U.S.A.	Sch. 1000

## World news

### Craxi resigns after debate

Italian Prime Minister Bettino Craxi resigned after a debate in the Senate and the failure of behind-the-scenes moves to agree on a new five-party coalition.

This was Mr Craxi's second resignation in six weeks. The first was rejected last week by President Francesco Cossiga, who sent him back to Parliament for a debate in the political situation.

Mr Craxi's resignation brings to an end the 45th post-war government and sets the scene for an early general election. Earlier story, Page 2.

### Belfast in chaos

Belfast was in chaos with thousands of people forced to walk to work as blocked streets were cleared of burning barricades and hijacked buses after a third consecutive night of rioting.

### Moscow spy charge

The Soviet Union accused Washington of sanctioning wholesale espionage against Soviet missions in the US. It said an American "spy campaign" against Moscow was aimed at stopping arms exports. Washington dismissed the accusations as irrelevant. Page 2.

### Israeli air raid

Israeli helicopter gunships attacked Palestinian guerrilla positions near Sidon in southern Lebanon in the ninth air raid over Lebanon this year.

### Herzog criticism

Israeli President Chaim Herzog criticised West German politicians for advocating arms sales to Saudi Arabia. He said during a visit to the federal republic that West Germany had a special responsibility not to help enemies of the Jews.

### German steel protest

About 10,000 steelworkers and their families demonstrated outside a Duisburg, West Germany, plant belonging to steelmaking giant Krupp in protest against planned redundancies.

### Soviet link-up fails

The Soviet Union's new Kvant space module failed to link up completely in a second docking attempt with the manned space station Mir. The second docking attempt was scheduled for 10.30 GMT but failed to achieve the intended result.

### Strikes hit Spain

Hotel guests in the southern Spanish city of Granada made their own beds and helped themselves to drinks as hotel staff joined an anti-government strike wave sweeping the country.

### Dutch soccer ban

Eleven football fans involved in some of the worst soccer violence in the Netherlands were given prison sentences of up to seven months and barred from going to matches for a year.

### AIDS ward for UK

The Princess of Wales opened Britain's first AIDS ward, giving firm handshakes to nine patients in a gesture that London hospital authorities said would help fight prejudice against victims of the disease.

## Business summary

### Wall St hint of Trump bid for UAL

EXCITEMENT is mounting on Wall Street about an imminent takeover or forced restructuring of UAL, the parent company of United Airlines, Western and Eastern International Hotels and Heron Cruise Lines. The company's beleaguered management was preparing a statement after Mr Donald Trump, the corporate raider, was quoted as saying that he "totally disagrees with the way the company is run." Page 28.

WALL STREET: The Dow Jones industrial average closed 32.96 down at 2,530.20. Page 59.

LONDON: Nervous late selling, sparked by concern over the dollar's rate against the yen and a heavy sale of US oil stocks in New York, wiped out early gains in equities. The FT-SE 100 index lost 13.9 to 1,962.8 and the FT Ordinary index was 124 lower at 1,548.2. Bonds fell sharply. Details, Page 48.

TOKYO: Share prices lost some of their early upward momentum in later trading but still managed to close slightly higher at a fresh peak. The Nikkei average closed up 2.21 at a record 22,922.20. Page 58.

DOLLAR closed in New York at DM 1.8125; SF 1.5925; FF 6.0325; Y145.50. It fell in London to DM 1.8250 (DM 1.8500); SF 1.5500 (SF 1.5750); Y145.50 (Y145.50). On the Bank of England figures the dollar's exchange rate fell from 102.2 to 101.6. Page 30.

STERLING closed in New York at \$1.6200. It rose in London to \$1.6180 (\$1.6125); but fell to DM 2.9225 (DM 2.9650); to Y234.0 (Y235.25); to SF 2.45 (SF 2.4675); FF 6.0250 (FF 6.0500). The pound's exchange rate fell 0.2 to 72.2. Page 30.

GOLD: In New York the June Comex settlement was \$320.50. It rose \$2.50 to \$323.00 on the London bullion market. It also rose in Zurich to \$321.45 (\$320.45). Page 30.

CREDIT Commercial de France is putting its profits up in lights along the Champs Elysees to launch its imminent privatisation. It raised consolidated net profits last year by 41 per cent. Page 27.

LIJUD's of London unveiled the terms for its proposed out-of-court settlement of the four-year-old PCW affair and ran into a barrage of criticism from 400 members of the former PCW insurance syndicate. Page 26.

GERMANY: The Milan holding company which is effectively controlled by Fiat, is negotiating to acquire between 10 and 12 per cent of Nuovo Banco Ambrosiano, the successor to the late Roberto Calvi's bank. Page 27.

COMINCO, the Vancouver base metals and fertilizer group, is to offer shares to the public in a new international exploration and mining company to be known as Cominco Resource International. Page 27.

COMAU, the factory automation and machine tool subsidiary of Fiat, has acquired three French machine tool companies as part of its efforts to expand its European penetration. Page 27.

SSAB, Swedish state-controlled commercial steel group, reported losses (before provisions and taxes) of SEK 803m (\$140m) for 1987 due to major restructuring costs. Page 27.

CANADA: To monitor all steel imports and exports in an effort to thwart offshore producers apparently avoiding US import curbs by channeling shipments through Canada. Page 3.

## IMF forecasts decline in economic growth

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN WASHINGTON

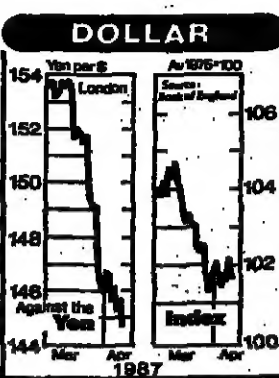
LEADING industrial nations yesterday sought to bolster the credibility of their accord to seek a further period of currency stability as the International Monetary Fund (IMF) forecast a slowdown in their economic growth and only a slight improvement in international trade imbalances.

A flurry of public statements aimed at reassuring financial markets came amid signs that finance ministers and central bank governors of the Group of Seven countries are privately less confident about their ability to stabilise the dollar for a prolonged period.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, described Wednesday's agreement among the Seven to re-affirm their Paris Accord on enhanced co-operation as a "very satisfactory result". Mr James Baker, the US Treasury Secretary, said that the leading industrial nations found "a more solid basis for sustained growth and international financial stability".

In a public display of his dissatisfaction, however, Mr Giovanni Goria, the outgoing Italian Finance Minister, described Wednesday's communiqué as a "weak response to a worsening situation".

Central bankers at the talks also said that there was an underlying



sense of unease among participants about their ability to maintain calm on foreign exchange markets unless governments provided firmer evidence that they were meeting their economic policy commitments.

Mr Lawson appeared to acknowledge these doubts when he commented: "If you will the end of exchange rate stability you also have to will the means". The Chancellor was insistent, however, that central banks of the Seven - the US, Japan, West Germany, France, Britain, Italy and Canada - were ready to intervene if necessary to support the dollar.

He told a news conference: "There has been very substantial intervention in the period since the Paris agreement... we will continue with that as and when it is necessary".

Mr Lawson also hinted that attempts to hold the dollar stable might be bolstered by interest rate reductions outside the US, a view echoed by senior French officials.

Senior monetary officials at this week's IMF talks in Washington said that since February the Bank of Japan had bought about \$10bn to support the US currency. The US Federal Reserve, whose intervention has been relatively light, had in fact spent billions of dollars to stabilise its currency against the yen, the officials said.

The US intervention apparently came in response to fears that the dollar's fall against the Japanese yen would trigger a substantial rise in US interest rates, and further falls on Wall Street.

This week's talks among the finance ministers appear to have confirmed the rather loose nature of the currency stabilisation pact agreed in Paris. Mr Kiichi Miyazawa, Japan's Finance Minister, was forced to concede that the move to 4 per cent appreciation in the

yen since the Paris Accord was within the hands agreed by the ministers.

Wednesday's communiqué, which talked of fostering exchange rate stability at around current levels, had also established a new base line for fluctuations in the yen/dollar rate. This was centred on the current rate of ¥148 per dollar rather than the ¥154 rate prevailing at the time of the Paris Accord.

Mr Miyazawa faced intense pressure during the Group of Seven meeting and during earlier talks among the Group of Five to translate his Government's pledges to do more to stimulate its economy into concrete action.

Other participants suggested that the welcome given in the communiqué to the package of expansionary measures announced by Japan's ruling Liberal Democratic Party was in fact a signal of their frustration with the Tokyo Government's failure to act so far.

Japanese officials indicated that the package amounted to about \$32bn, or 1.5 per cent of Japan's national income, but Mr Miyazawa gave no details as to what extent

Continued on Page 26

## Unions settle quietly

By Our Tokyo Correspondent

JAPAN'S trade unions have quietly accepted the lowest pay increases in nearly three decades, a move which should help ease the country's adjustment to lower economic growth in the wake of the yen's appreciation.

In this year's 26th annual spring labour offensive, unions agreed to pay rises of slightly over 3 per cent in the steel, electronics and automobile industries. Workers at Toyota won the highest rise of 3.46 per cent, while steelworkers settled for just 1.55 per cent.

Union leaders said the management's arguments were strengthened in recent weeks by the rising level of protectionist sentiment and trade friction from the US and Europe against Japan.

The peace surrounding this year's labour talks, however, may be broken by forthcoming talks in the privately owned railway industry.

## EEC airlines to negotiate on price-fixing

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday agreed to drop its threat of legal action against three major EEC airlines - Lufthansa, Alitalia and Olympic Airways - after they promised to negotiate changes in their price-fixing and revenue-sharing arrangements.

The move was announced by Mr Peter Sutherland, the commissioner responsible for enforcing competition policy in the community, as an important step in the commission's offensive to liberalise air transport.

He said negotiations were now going ahead with 10 major European airlines to scrap the clauses in their bilateral agreements effectively creating a cartel on all major EEC air routes through price-fixing, revenue-sharing and splitting seating capacity between them.

Mr Sutherland said: "This process should lead to a substantial and rapid change in the market place." The Commission is confident that this procedure will lead to an improvement in the competitive environment in the sector.

However, he admitted that the 12 Community governments could still seek to restrict the degree of competition on air routes in their own negotiations, taking place simultaneously among their respective transport ministers.

The breakdown by Lufthansa, Alitalia and Olympic came after the Commission announced its decision to issue "reasoned opinions" about their anti-competitive practices - a legal move which would have left them open to court action by individual passengers.

The other airlines already involved are Aer Lingus, Air France, British Airways, British Caledonian, KLM, Sabena and SAS. "These airlines have now undertaken to modify their agreements," the Commission said.

Mr Sutherland was clearly delighted at the success of his strategy so far - but cautious about claiming a complete breakthrough.

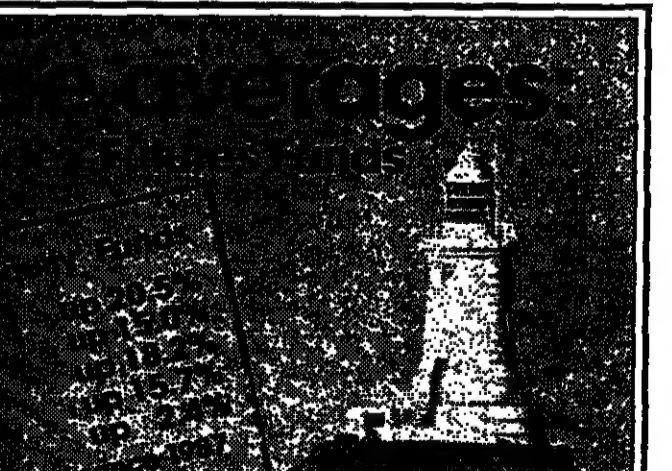
He said the airlines had specifically agreed to make several major concessions:

- that there should be no "concertation" on tariff agreements;
- that a maximum of 1 per cent of revenues should be involved in revenue pooling deals;
- that references to capacity-sharing should be removed from agreements;
- that any joint ventures should be submitted to competition inspectors for scrutiny.

The agreement means in effect that the airlines will move their own cartel arrangements from bilateral company deals to whatever they can persuade their respective governments to negotiate at national level.

However, the transport ministers are themselves under pressure from the Commission to agree a sufficiently liberal deal by June 30 if the Brussels authorities are to grant air transport a block exemption from the full force of competition enforcement.

Continued on Page 26



Cable Lighthouse, Jersey

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## THE FINANCIAL TIMES ON SATURDAY

The Saturday Financial Times from tonight joins the weekday edition in being printed in Frankfurt. This will help to improve the distribution of the paper outside Britain, with 60,000 copies being printed in Frankfurt for distribution across the Continent and beyond, and to alleviate supply problems readers in Britain may have experienced.

An extra 30,000 copies of tomorrow's paper, including the Weekend FT, will be available for UK distribution. Our US production continues unchanged.

Tonight's Frankfurt printing coincides with a special issue of the Weekend FT celebrating springtime in Paris. FT writers cover everything from food, fashion, wine and shopping to the arts, nightlife, property and new architecture.

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## COMING ROUND FOR A SECOND TERM



François Mitterrand could be persuaded to stand again for the French presidency. Page 2

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## EUROPEAN NEWS

## Moscow takes offensive in embassy spy scandal

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET Union yesterday took the offensive in the scandal over espionage against the US embassy in Moscow by putting on display electronic listening devices found in Soviet embassy buildings in the US.

Mr Boris Pyadyshev, a Foreign Ministry spokesman, said that bugging devices on display with photographs of their location had been found very recently in the window frames of the new complex of Soviet embassy buildings in Washington as well as four other Soviet diplomatic posts including the consulate in San Francisco.

"These are unlawful attempts by the American authorities to create for Soviet diplomatic and consular missions in Washington, New York and San Francisco unbearable working and living conditions," he said.

The Soviet embassy in Washington is to put on display today more "bugs" allegedly planted by US agents during construction activities.

Accusing the US of "espionage" Mr Pyadyshev said that every time there was a chance of an agreement between the US and Soviet Union right wing forces in Washington sought to sabotage talks by spy scandals.



Mr George Shultz, US Secretary of State

Soviet officials are clearly worried that a new espionage scandal will undermine negotiations between Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet counterpart, in Moscow next week.

But in contrast to previous spy scandals which have disturbed US

Soviet relations in recent years Moscow appeared determined to take the offensive yesterday by accusing Mr Shultz of hypocrisy in denying this week that the US had not intruded on the property of Soviet embassies.

Earlier Soviet spokesmen had treated stories of alleged trespassing by two US marine guards at the US embassy in Moscow as comic relief which should not be treated seriously.

Mr Pyadyshev would not directly deny that the US embassy in Moscow had been bugged but said the Soviet Union was more worried by the political than the intelligence damage caused by the bugging scandals in Moscow and Washington.

He said they had been found in window frames, light sockets and inside reinforced concrete blocks.

Referring to President Ronald Reagan's remark this week to allow Soviet personnel to move into their new embassy in Washington until the US embassy in Moscow is made secure, Mr Pyadyshev said President Reagan had produced not a single fact proving Soviet espionage activities.

## Norway to form shipping register

By Kevin Done in Stockholm

THE NORWEGIAN Government is to set up an international shipping registry designed to attract tonnage from both Norwegian and foreign owners in a drastic attempt to halt the decline of the Norwegian flag fleet.

The minority Labour Government is to publish the proposed legislation today in the hope that the new registry will be operational from July 1.

The bill represents a far-reaching liberalisation of existing rules and regulations and is aimed at establishing a registry that will enable Norway to compete with the leading flags of convenience such as Liberia, Panama and the Bahamas. Oslo is concerned about the rapid erosion of the country's maritime industry, which is Norway's second most important earner of foreign currency after the oil and gas industry.

The Norwegian flag fleet has shrunk to about one-fifth of its size of 10 years ago at less than 10m deadweight tonnes, as Norwegian owners have found themselves increasingly unable to compete with vessels registered under foreign flags of convenience. At the same time, however, a substantial fleet has been built up under foreign flags, but still controlled by Norwegian owners.

The proposals have met bitter opposition from Norwegian trades unions anxious to maintain jobs for Norwegian seamen with Norwegian terms and conditions of employment, and some key provisions in the proposed legislation governing negotiating rights are still to be clarified.

The Norwegian Shipowners Association said yesterday that the specific aim was to make the registry fully competitive with existing open registries in terms of operating costs.

According to the Government's proposals there will be no national or regional requirements either on manning or equity capital.

The aim is to set up a "quality registry" with a requirement that a "significant part" of the operating functions should be conducted from Norway.

The registry, which will be based in Oslo but with facilities for registration to take place all over the world, will be restricted to vessels engaged in international trading, excluding therefore coastal and offshore service vessels.

With Norway's new flexible manning arrangements, the registry will also help to reduce the reduction of existing manning levels.

## Maxwell meets Gonzales over television bid

By David White in Madrid

JOCKEYING for position in the Spanish private television bid began in earnest yesterday when Mr Robert Maxwell, Publisher of the Mirror group of newspapers, held a meeting on the project with Mr Felipe Gonzalez, the Spanish Prime Minister.

The talks follow the successful bid by a consortium including Mr Maxwell and led by businessman Mr Francisco Bouygues for France's highest rated TF1 channel.

Mr Maxwell said he had "reason to believe" that the 15 per cent limit laid down in the Spanish bill on participation by press groups would apply only to Spanish-owned newspapers and that the law would therefore enable him to take up to 25 per cent in one of the channel consortiums.

This, he said, would be "in line with the law in France and 5 per cent more than in Britain."

He discussed a possible link-up with Prisa, publishers of the leading Spanish daily El Pais, but said he was also "thinking about" Grupo Zeta, a popular magazine and newspaper chain, which has likewise been among the front-runners for private television.

After the TF1 verdict, it was "very natural that we should be looked on as appropriate partners," Mr Maxwell said. His plans for Spain would include a production company which would be able to export programmes for use by TF1 and other channels.

David Housego on the chances of the French President standing again

## Mitterrand sets election pace

WHAT seemed unlikely only a year ago is increasingly wearing the colours of a probability. President Francois Mitterrand is preparing the ground to stand for a second term.

It is not only the well-organised applause that greeted every mention of his name at the Socialist Party's congress in Lille at the weekend which will make it more difficult for him to withdraw from the fray without seriously damaging the party's chances. President Mitterrand is forcing the pace himself with something approaching an election tour of eastern France last week, more appearances on television and well-publicised meetings with heads of state.

Much of the corridor talk at the Lille congress was on the conditions of a Mitterrand candidacy and how he would make use of a second term. The name of Mr Michel Rocard, the former Minister of Agriculture, went forward more easily as the party's second choice because for many he would be the candidate of defeat. This has the advantage for his foes in the party of effectively putting an end to his future influence.

A Mitterrand candidacy would imply for the party a very different platform from that of Mr Rocard. Mr Mitterrand would stand on his considerable authority in the country, and on maintaining a balance of power between the Government and the President.

There would be less attention to the details of the party's programme and more emphasis on its competence to lead the country running at 54:46 in the right's favour. Success would depend largely on there being sufficient antipathy between Mr Raymond Barre and Mr Jacques Chirac to cause the followers of the loser in the first round of the presidential contest to decline to swing their votes to the right.

At the same time the party, in its official language, would take on the task of winning deserters from the Communist Party and those on the left. Hence the tone of the Lille Congress was to emphasise the differences between the left and the right, and to underline the differences that separate the Socialists from Mr Chirac's administration.

Part of Mr Mitterrand's re-



Mitterrand; difficult to withdraw from the fray.

tance to stand again has been the fear of the "Reagan syndrome"—for a man already 71. But the experience of a "collaboration" has shown him that the institutions of the Fifth Republic allow the President to conserve his energies for the broad direction of policy and foreign affairs.

A second term need not be as exhausting as the initial period of his first or involve the demands put on the head of the US executive. Besides, President Mitterrand could seek to reduce the term of office from seven years to five.

A victory for the left in next year's presidential elections must remain the less likely outcome with the balance of forces in the country running at 54:46 in the right's favour. Success would depend largely on there being sufficient antipathy between Mr Raymond Barre and Mr Jacques Chirac to cause the followers of the loser in the first round of the presidential contest to decline to swing their votes to the right.

This time, the potential differences in the right have been exacerbated by the rising star of Mr Jean-Marie Le Pen, leader of the extreme National Front, who is expected to defeat his candidature this month.

Should Mr Mitterrand be victorious, the immediate question

he would face would be whether to dissolve the National Assembly, as he did in 1981. The assembly has a two-to-three seat majority in favour of Mr Chirac's RPR-UDF coalition. A strong body of opinion at the Congress believed that, unless Mr Mitterrand had an overwhelming victory, he would rule with the existing parliament.

This would be in line with his logic during the period of cohabitation of allowing the electoral calendar to run its course "out of respect for the country's institutions." It would also have the advantage of pinning on the right the responsibility for bringing down a government of inevitably centrist colours—possibly one under the Prime Ministership of Mr Jacques Delors who has already prepared the ground by calling recently for an "ideological truce" in French politics.

Mr Mitterrand's "grand design" for his second term, on the assumption that the state of the French economy leaves little room for macroeconomic changes, would be twofold: he would want to prepare France for the opening up of the internal European market by 1992 as part of an economic and foreign policy more closely centred on Europe. He would also want to prepare France for the restructuring of French politics that all parties feel is inevitable after 1988.

If the right did lose, with its

two existing leaders, Mr Chirac and Mr Barre both defeated, both the RPR and the UDF would have difficulty in holding together. Mr Mitterrand would thus want to create, in what is likely to be a more polarised two-party system, a new coalition of the left that would embrace centrist socialists and former Communists. The Socialists alone have only about 36 per cent of the vote.

This emphasis on the realities of power inevitably puts a dampener on the evolution of policy within the party. Both Mr Rocard and Mr Fabius set out at the weekend to put down markers for the future direction of the party with proposals on education, research, a minimum social wage and the future of the social security system.

But the only new thinking to emerge were ideas for "sharing with growth." These rest on the assumption that France cannot increase employment or consumption without creating a deficit in the balance of payments. The idea that new jobs to be created in sectors such as building, tourism or leisure which do not entail heavy imports, should be accompanied by voluntary cuts in purchasing power elsewhere. The proposal has not been received with enthusiasm by party leaders, who fear that it will be difficult to explain electorally.

Nonetheless, the party has been comforted in its Socialist values by spelling out its differences with Mr Chirac's administration over such issues as the social bias of taxation, the handling of inflation and control of the price.

The growing probability that Mr Mitterrand will stand by no means rules out a Rocard candidacy. His success at the Congress was to make himself the only alternative. His difficulty would be that a Mitterrand decision announced early next year would give him little time to establish himself nationally. He is not an experienced fighter and could crack under pressure in a difficult campaign.

But a Rocard candidacy would certainly require the party to be more explicit about its electoral programme. Hence the decision at the Congress to start preparing the ground now and possibly tying Mr Rocard's hands as well.

## Deal eludes Italian politicians

BY JOHN WYLES IN ROME

STRENUOUS efforts in the Italian Senate last night appeared to have failed in organising a last-minute compromise deal between the Christian Democrats and the Socialists to avert an early general election.

Liberal leaders, who had been urging a reconciliation between the two parties for several days, were hoping to get both to sign a document asserting that a Christian Democrat-led government should be formed capable of seeking out the current minister and of allowing controversial referenda on nuclear energy and judicial reform to go ahead in June.

The move came as day after 18 Christian Democrat ministers resigned en bloc from the Government led by the Socialist

Mr Bettino Craxi—a move strongly at odds with the majority party's staid and stable image.

The Liberal initiative sought to exploit the view expressed in a Senate debate yesterday by all parties — except the neo-Fascist MSI — that early elections must be avoided.

However, it was rejected by Mr Nicolò Mancino, Christian Democrat leader in the Senate, in a faithful reflection of the stand taken by his party's secretary, Mr Ciriaco De Mita, that any new government must avoid the referendum.

This is directly opposed to Mr Craxi's position and leaves Mr De Mita probably accepting the unpopular responsibility for forcing early elections.

While a deal would be had for Mr De Mita's per-

sonal standing, it would probably be rather good in the short-term for that of his party. Mr Giulio Andreotti, the popular minister would take over from Mr Craxi — whom Mr De Mita no longer regards as "trustworthy" — and begin the task of accustoming Italy to having a Christian Democrat prime minister again after nearly four years under a Socialist.

As President Francesco Cossiga probably intended when he requested it, yesterday's Senate debate has served to isolate the Christian Democrats as the only obstacle to a renewed five-party coalition.

Mr Craxi was due to close the debate last night and then hand in his resignation to the President at the Quirinale Palace.

## Gorbachev to deliver key speech

By Leslie Collitt in Prague

WARSAW PACT officials said Mr Mikhail Gorbachev, the Soviet leader, is to deliver a key foreign policy speech today during his first official visit to Czechoslovakia.

Mr Gorbachev was welcomed to Czechoslovakia yesterday by Mr Gustav Husak, the Czechoslovak leader who has been in power since 1968.

The Soviet occupation of Czechoslovakia in August 1968 ended a "Prague Spring" under Mr Alexander Dubcek, the reformist Communist leader who was deposed, reviled and evicted from the party along with most of his supporters.

East European officials said the Soviet leader could propose a unilateral withdrawal of "tactical" nuclear troops from Czechoslovakia among other measures.

Western officials had speculated that he would also announce a pull-back of some of the 55,000 Soviet troops "temporarily" stationed in Czechoslovakia since 1968.

The tactical missiles were deployed in Czechoslovakia and East Germany in an alleged response to the planned deployment of medium-range missiles in European Nato countries.

Their removal along with that of Soviet missiles in Eastern Europe is currently the subject of negotiation in Geneva. Czechoslovakia warmly welcomed Mr Gorbachev to Prague both officially and unofficially. Along with flag-waving crowds ordered to appear by their employers were citizens who, for the first time in memory, came out of sheer sympathy for a visiting Soviet leader.

On Prague Castle Square, a group of some 30 students had come voluntarily along with hundreds of other Prague inhabitants to catch a glimpse of the Soviet leader and his wife Raisa.

One of the students said Mr Gorbachev was "very popular" among young people in Czechoslovakia. He said they hoped he could bring about many changes in the Czechoslovak leadership and that people would be disappointed if this did not happen.

Other students said the central planning system had failed while relations between workers and management had to be "democratised."

The Warsaw Pact has suggested to Nato a freeze on arms spending for up to two years, the Romanian news agency Agerpres said, Reuters reports from Belgrade.

The agency said the Romanian Foreign Ministry handed the proposal to the embassies of Nato countries in Bucharest.

## Alfa Romeo unions dig in over changes in working

BY JOHN WYLES

THE Fiat group's attempt to negotiate new working arrangements at the two former Alfa Romeo plants has broken down for the second time because of union opposition to the company's proposals.

Blocked by strong support for a 30-minute stoppage at Alfa's Arese and Pomigliano plants on Monday, leaders of the CGIL union federation have dug in this week over the company's proposals for manning assembly lines.

The unions have apparently decided that they will have to give way to Fiat's insistence on abandoning the work group system at Alfa, under which assembly line tasks are shared, but the CGIL, according to Fiat, is seeking to retain the freedom for workers to change their assembly line tasks at will.

Disagreement on the issue ruptured negotiations late on Wednesday and no new dates have been set for a resumption. In the meantime, Fiat has said that it will lay off 1,600 workers

from May 1 for re-equipment work on the two plants.

It was not clear yesterday whether the current programme is being hindered by inter-union disagreements and rivalries, which were a key factor in bringing negotiations to a halt late in March.

Fiat is seeking working changes which will help raise productivity at the factories, which it acquired at the beginning of the year, by the 37.5 per cent which it says is needed to match European competitors.

Italy's car market continued to boom in March when sales set a monthly record of 197,740, an increase of 12 per cent over the same period last year. First quarter sales have risen 7.49 per cent to 534,493.

Fiat's share, minus Alfa Romeo, remained steady at around 51 per cent, but Alfa's held on the market slipped from 5.7 per cent to 5.7 per cent. In the first three months, its share has slipped from 6.9 per cent to 5.9 per cent.

## Deputy chairman of Italian bank quits over scandal

BY ALAN FRIEDMAN IN MILAN

THE deputy chairman of Banca Nazionale del Lavoro (BNL), the Rome-based state institute which is Italy's largest bank, resigned yesterday following his recent indictment on charges of having been involved in an embezzlement scandal at a bank in the Calabria region.

Professor Francesco Del Monte, who was appointed deputy chairman of BNL in 1985, was arrested 15 days ago in the town of Locri, at the southern tip of Italy. Prof Del Monte was until 1986 chairman of Calabria's largest savings bank—the Cassa di Risparmio di Calabria e Lucania (Carical).

He was charged along with 10 other past and present Carical executives.

Bank of Italy inspectors originally uncovered the Carical embezzlement, said to have involved hundreds of billion of lire. The scandal, according to judges in Calabria, included the participation of the local version of the Mafia — the N'Drangheta.

Although Prof Del Monte was released from jail a few days ago, he still faces prosecution, according to ENCL. He resigned yesterday, saying he wished to protect the "greater interests" of the Rome bank.

## European space plan hit by disagreements

BY PETER MARSH IN LONDON AND LOUISE KIRKHOE IN SAN FRANCISCO

THE 13-nation European Space Agency has put off a ministerial meeting in June to finalise a European space plan for the next 15 years.

The agency's continuing problems in reaching agreement with the US over a proposed international space station, which is due to enter orbit in the 1990s.

The ESA said yesterday that the ministerial meeting planned for June might now go ahead in November, although this has yet to be decided.

Both ESA and the US National Aeronautics and Space Administration are keen to finalise an accord over the station

by the summer. But the two sides have run into difficulties on matters such as the patent rights for any inventions on the base.

Another problem has been reaching agreement on a management framework for operating the facility, which is due to accommodate up to eight people, once it is in orbit.

Apart from the ESA nations, Canada and Japan also plan to join the venture. Between them, these countries are likely to contribute about \$40m (£25.5m) to the station, to add to the \$120m-£140m which the US is due to spend building the base.

A further complication is that the US has recently scaled back its own plans for the station, reducing the degree of sophistication in an effort to reduce costs.

Nasa said it was considering two ways of proceeding with the station, the least ambitious of which would involve building the structure in two phases.

Total costs to the US for either option are \$12.2bn and \$14.5bn, both sums being considerably above the \$9bn originally budgeted for the US contribution to the costs when the facility was proposed three years ago.

The base, with room for up to eight people, is likely to be permanently manned in 1996, two years later than originally scheduled.

Meanwhile, Nasa's space and earth science advisory committee has told the agency that it should change its strategy of relying on the shuttle fleet to lift parts of the station into orbit.

## Paris social security funds crisis

By George Graham in Paris

THE FRENCH government plans an emergency financial package to help meet the FF 30bn deficit created this year in the social security budget.

The government is to hold national conferences in summer and autumn on long-term reform of the social security system, but more urgent action is needed to balance its accounts this year.

Mr Philippe Seguin, Minister for Social Affairs, said the emergency aid would have to be decided in the next few days or the social security system would be bankrupt by the fourth quarter of the year. He estimates the financing need for the year at FF 24bn.

No decision on the precise form of the cash injection has yet been taken, but Mr Alaine Juppe, Budget Minister, said yesterday that the funds could come from an additional social security payment levied on total income rather than only on income from employment as at present.

## UK attacked on research funds

BY WILLIAM DAWKINS IN STRASSBOURG

BRITAIN came under fierce criticism in the European Parliament yesterday for having up an Ecu 6.48bn (£4.58bn) joint EEC research scheme.

MEPs voted by 141 to four for the European Commission to cut the Ecu 6.48bn plan off the table unless the UK removes its block on the scheme within the next three weeks.

Although the vote is not unexpected, it is an embarrassment for a British government, which has been alone in the EEC in refusing to back the project since West Germany lifted its objections last week.

## UK and France hope to curb arms supply costs

BY DAVID HOUSEGO IN PARIS

THE British and French Governments have a common anxiety to cut defence equipment costs through opening up their markets to suppliers from each other countries, according to members of the British parliamentary committee on defence who yesterday delivered a visit to Paris.

Mr Michael Mates, the chairman of the committee, said that there was a realisation on both sides that unless there were changes in procurement policies "we will price ourselves out of producing adequate equipment."

He described the impetus on the French side for more cross-purchasing as stemming from Mr Andre Girard, the French Minister for Defence, and said that it could bear fruit.

The select committee's visit coincided with France's new five-year equipment purchasing plan being put before the National Assembly and with expressed French interest in producing a new generation supercruise missile in collaboration with Britain.

Mr Mates said the committee did not see scope for co-operation in producing strategic nuclear weapons because Britain had no requirement for such a missile. He could not see any British government wishing to extend Britain's nuclear arsenal in such a way.

French interest in such a proposal surfaced in a report published this week by the French parliamentary defence committee as a step towards a European strategic deterrent.

France is anxious to find savings on its nuclear deterrent programme which will absorb almost a third of the FF 47bn (\$48bn) to be spent on defence equipment over the next five years.

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## Optimism at Vienna talks on security

By Patrick Blain in Vienna

THE SECOND session of the renewed Conference on Security and Co-operation in Europe (CSCE) ends in Vienna today with Western delegates more optimistic about the chance of a successful outcome to the conference.

Mr Warren Zimmerman, head of the US delegation, said he was more hopeful following recent developments in the Soviet Union although the "new thinking" in the Soviet capital had not so far been reflected in the speeches of the delegations from the Soviet Union and its allies in Vienna.

He suggested that psychiatric hospitals and could crack under pressure in a difficult campaign.

But a Rocard candidacy would certainly require the party to be more explicit about its electoral programme. Hence the decision at the Congress to start preparing the ground now and possibly tying Mr Rocard's hands as well.

He will be making a survey of implementation of the Helsinki Accords in his speech to the conference today. "This is still what matters most," he said.

## Colonel cleared on Libya link

By David White in Madrid

An extreme right-wing Spanish army colonel who admitted making a secret visit to Libya to seek funds from Colonel Muammar Gaddafi was acquitted in a court martial late on Wednesday night.

Col Carlos de Meer admitted going to Tripoli in January last year to meet the Libyan leader, but said the backing he was seeking was for a newspaper and not a coup conspiracy, as alleged initially by Spanish intelligence.

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## OVERSEAS NEWS

## Car bomb kills 3 in capital of Botswana

By ANTHONY ROBINSON IN JOHANNESBURG

A CAR BOMB explosion in a suburb of Gaborone, the capital of Botswana, yesterday killed two children and an old woman, and caused renewed nervousness in the Front Line States.

No organisation has yet claimed responsibility for the blast, but a Botswana official said the bomb was placed in the car.

The blast occurred only hours after Mr. P. M. Botha, South African Foreign Minister, told an election rally in Natal that the South African Government had intelligence reports of plans by the banned African National Congress (ANC) to disrupt the elections.

He accompanied the allegations with a warning to the neighbouring Front Line States that South Africa would take whatever steps were necessary to block any such plans.

On Tuesday two suspected ANC guerrillas were shot by police near Ventersdorp, west of Johannesburg, in a gunfight which also fatally injured a white policeman. A day later a section of railway line was

blown up by two limpet mines in the black township of Soweto.

Mr Botha's latest warning is part of a concerted effort by the National Party to portray itself as a reliable bastion against what it calls the ANC/Communist Party onslaught against South Africa.

While the opposition Progressive Federal Party and the independent candidates have argued that the ANC must be legalised and involved in political power-sharing negotiations, the NP seeks to portray the ANC as a terrorist organisation to be smashed.

President P. W. Botha said recently that both the ANC and South West African People's Organisation (SWAPO) had to be "confronted and eliminated."

Such warnings are taken seriously by the Front Line States, especially after the South African bombing raids against alleged ANC facilities in Botswana, Zambia and Zimbabwe on May 19 last year during the visit of the Commonwealth Eminent Persons Group (EPG).

## Bank Leumi starts action against ex-chairman

By ANDREW WHITLEY IN TEL AVIV

BANK Leumi in Israel yesterday launched a court case in Tel Aviv against Mr. Ernest Japhet, its former chairman and chief executive, demanding the return of nearly \$5m (£3.5m) in severance and pension.

The row between Israel's leading bank and its long-standing chairman erupted last year when it was disclosed that Mr Japhet had secured a handsome "golden handshake" from his former board in return for his forced resignation.

At a time when the bank, like all others in Israel, was under continual pressure from the regulatory authorities to make economies, particularly on manpower, the payments created a public uproar.

The determination of the new board headed by Mr. Zedek Elia brought in from outside to restore Bank Leumi's morale and direction after a series of scandals, to pursue Mr Japhet has thus become a symbol of

the bank's willingness to clean itself up.

In a lengthy document presented to the court yesterday, Bank Leumi outlined the way in which it claims Mr Japhet was able, in effect, to engineer his own generous departure terms with a small board committee.

Singled out for special criticism by a commission of inquiry into the country's 1983 bank shares scandal, Mr Japhet was banned for life from Israeli banking.

The former top banker, now living in New York, was allegedly given \$5m (£3.5m) in severance pay.

He subsequently received a further \$500,000 in pension and other benefits before these payments were halted. In its legal suit, Bank Leumi has also asked the court to determine an appropriate level of pension for its former chief executive.

## Mahathir faces challenge for party leadership

By WONG SUI-ONG IN KUALA LUMPUR

TEENAGE Razaleh Hamzah, a prince from the predominantly Moslem State of Kelantan, will announce tomorrow his challenge against Dr Mahathir Mohamad, the Malaysian Prime Minister, for leadership of the ruling United Malays National Organisation (UMNO).

Razaleh, at present Trade and Industry Minister, has received 33 nominations for the post of UMNO president among the party's 12 divisions, compared with 88 for Dr Mahathir. His close aides say he will submit his acceptance at the

party headquarters tomorrow and on Wednesday will launch a vigorous campaign to woo the 1,500 party delegates.

The UMNO elections on April 24 are expected to be a watershed for Malaysia. At stake is not only the leadership of Malaysia, the politically dominant race in Malaysia, but also the future direction of this South-East Asian nation.

The challenge is the most serious confronting Dr Mahathir, 61, since he assumed the party and national leadership six years ago.

## Taiwan reform faces delay

By Bob King in Taipei

THE ENDING of Taiwan's 38-year-old martial law and the formalisation of major political reforms will have to wait until at least mid-summer because of fierce debate within parliament over terms of proposed civil legislation that will fill gaps left by the former law's passing.

Some parliamentarians and government officials had earlier optimistically predicted that martial law would pass into history this month. But objections to the language of the proposed National Security Law by more progressive members of the ruling Nationalist Party and objections to the law by the newly formed opposition Democratic Progressive Party - has ruled out early passage.

The Government has emphasised that the new law must be ratified before martial law is terminated. The security law's 10 articles cover such innocuous points as entry and exit regulations and provide for security of Taiwan's coastal area.

Its second article - the one that has stirred up controversy among ruling party MPs stresses that organisations and assemblies must support the constitution and must not advocate Communism or "the division of national territory" - the last a euphemism for separation or Taiwan independence.

Parliamentarians spent much of the traditional time for questioning of government officials during March in squabbling over the proposed law. Early this month parliament received the Government's budget proposals and will not have time until the beginning of June to resume deliberations on the new bill.

But political analysts remain confident that a consensus will be reached before the normal summer recess in mid-July. The Nationalist Party is under strong pressure to ensure that things are resolved by the recess of parliament because otherwise they could be seen as dragging their feet and thus could lose the goodwill gained internationally when the decision to end martial law was announced last October.

At least one Government soldier died and three others were injured outside Hualien on Mindanese Island, the military said. It is the first clash since President Corason Aquino and Muslim rebels agreed a temporary ceasefire last September.

Muslims have threatened to return to their 14-year armed struggle unless their demand for autonomy covering the whole of Mindanao and four other islands is met.

Manila talks with rebels broken off

THE GOVERNMENT and Muslim negotiators an end to a sporadic insurgency in the Southern Philippines yesterday suspended peace talks indefinitely, pending an investigation into a clash between troops and rebels earlier this week.

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Manila talks with rebels broken off

Tony Robinson reports on a plan to lift living standards of South Africa's black rural workers

## Quiet revolution down on the farm

A QUIET revolution is taking place on the fruit farms and vineyards of the western Cape where generations of farm workers have lived in alcohol-induced squalor and poverty amid breathtaking scenery. At stake is the future of an agro-business which last year employed 413,000 black and coloured workers and 38,000 whites and exported fresh and canned fruit and wine worth \$878m (£292m).

The "revolution" is led by men such as Mr Jan Boland Coetzee, a 49-year-old former Springbok rugby player who farms 150 hectares of vineyards and cattle grazing in the lee of the jagged Helderberg mountains, 20 kms from Stellenbosch, South Africa's wine capital and site of its most prestigious Afrikaans university.

Mr Coetzee is a member of the Rural Foundation, set-up four years ago with the aim of improving the quality of life of the 8m, mainly black and coloured workers, who live on South Africa's 60,000 farms.

For many, perhaps most, life on the farm has traditionally been one of quasi-feudal paternalism, aggravated in recent years by mechanisation and long years of drought. Both have fuelled a large-scale drift from the land to squatter settlements and the overcrowded townships.

In the wine-growing areas of the Cape, where the tiny whitewashed cottages of farm labourers contrast with the shaded magnificence of Cape Dutch farm houses, the secular poverty of farm communities has been reinforced by the traditional "dop system" - a regular supply of wine throughout the working day.

The ravages of alcohol through the generations can be seen in stunted growth and genetic aberrations and what Mr Coetzee calls the "poor man's culture" of passivity and ignorance.

Breaking that vicious circle of dependence and helping farm communities to help themselves is the task

which he, and other like-minded farmers in the Rural Foundation, have set themselves.

Motivation comes from a mixture of Christian conscience and enlightened self-interest. Lurking in the background is awareness that the trade unions, in the shape of the Fruit and Vegetable Canning Workers Union, have already organised the fruit packing co-operatives, and are poised for the more difficult task of organising on the farms themselves.

Beyond that lies the growing danger of sanctions and consumer boycotts which have already closed the South African and North American markets that used to take about 15 per cent of South Africa's fruit exports.

There is no question about the disastrous effect which sanctions would have on the economy of the western Cape. The area has no mining or heavy industry to relieve its overwhelming dependence upon farming and tourism - the latter already affected by the sharp fall-off in overseas tourism to the "fairer Cape".

Even without sanctions, competition is fierce, especially from Latin American producers like Chile, where labour costs - according to Mr Fred Mentjies of the Deedschous Fruit Board - are only one-third of South African levels. Wages in the Cape fruit industry have risen by 227 per cent over the last seven years, or 34 per cent annually, and is expected to rise a further 40 per cent annually over the next five years.

Faced with this kind of upward pressure the industry has re-

sponded by raising productivity and re-doubling efforts to raise the quality of its products, packaging and marketing to reinforce its reputation for the highest quality and reliability.

But as Mr Coetzee points out, higher productivity is only possible from a trained and motivated work force, and that comes back to the quiet revolution which is transforming the face of the rural Cape.

The 16 families who farm the 150 hectares of Mr Coetzee's Vriesenhof farm live in three to four bedroom brick cottages with solar heating and neat gardens. Each house, in what looks like a whitewashed holiday home, is a far cry from the

quasi-feudal paternalism, aggravated in recent years by mechanisation and drought. Both have fuelled a large-scale drift from the land to squatter settlements.

day village, costs up to R19,000. The village, nestled in a hollow beneath tall gum trees, also has its own creche and is regularly visited by the Government's mobile clinic service.

Better housing, health and education is only part of the new deal proposed by the Rural Foundation. Community Development Associations (CDA) group together upward of 20 farmers in any given district and provide expert advice on social development programmes. One of the side benefits is that formerly backward, isolated farm communities in the Cape now compete in regular sports activities while labourers wives are encouraged to take various self-improvement courses and earn extra money by setting up cottage industry at home.

"In the old days there was nothing to do on the farm but get drunk and beat the wife or the children. So I first started taking some of my labourers to rugby matches, Mr Coetzee said. Soon they wanted to

take part themselves, and this year we had a farm sports programme, organised by the farm labourers themselves in which 9,000 took part," he explained.

From this humble beginning developed regular monthly farm meetings where the coming month's social programme is discussed.

The meetings are not always smooth. "Two meetings ago I got mad and hit one of my chaps. It got really heated. Then I apologised and we compromised. It used to be part and parcel of my behaviour, that's how we were brought up. But now I control myself better," Mr Coetzee confessed.

He also told of his neighbour who "used to think that his coloured workers were only good for Robben Island (the notorious island prison off Cape Town) but has now just appointed a coloured man as foreman - unthinkable only a few years ago."

At a time when reform seems paralysed at a political level in Pretoria it is developments like these at grass roots which reflect the way in which South African farmers, formerly the most conservative and bigoted, are changing.

Vriesenhof is in the middle of the Helderberg constituency where Dr Dennis Worrel, formerly the South African ambassador to Great Britain is challenging Mr Chris Heunis, the Minister for Constitutional Development.

Dr Worrel believes that many South Africans are prepared for faster change than the Government in Pretoria is prepared to offer.

He has a supporter in Mr Coetzee and many people like him who used to be in the mainstream of Nationalist politics but who, through their own experiences, feel that "breaking the mould" of traditional social and work patterns not only make good economic sense but also political sense.

## Array of problems for new HK Governor

By David Dodwell in Hong Kong

SIR DAVID Wilson was sworn in yesterday as Hong Kong's 27th Governor after a three-month hiatus caused by the sudden death in Peking of Sir Edward Youde.

Amid the pomp, there was an acute awareness of an array of difficult and divisive issues that require urgent attention if they are not to unsettle confidence in the territory.

Most important is a green paper on political reform, due to be published next month, which seems certain to spark a long-stimmering dispute over the pace and direction of political change.

Clashes between the territory's political leaders have become increasingly angry, as those calling for more representative government - in particular, direct election to the territory's foremost political bodies - have clashed with conservative business elements who agree with mainland Chinese officials that hasty political change will disturb confidence and stability.

Sir David alluded to these reforms in his swearing-in speech, saying they must be approached "calmly and with common sense." He went on: "If there is to be change, it should be prudent and gradual. It must not disrupt the steady progress we have been making."

Offering a check-list of priorities, he said the Government must continue to encourage initiative, provide sound administration backed by clear and enforceable legislation, invest in infrastructure, and keep the territory abreast of technological advance.

Sir David arrives to head a reshuffled administration struggling to defuse growing public suspicion following reform of local press laws

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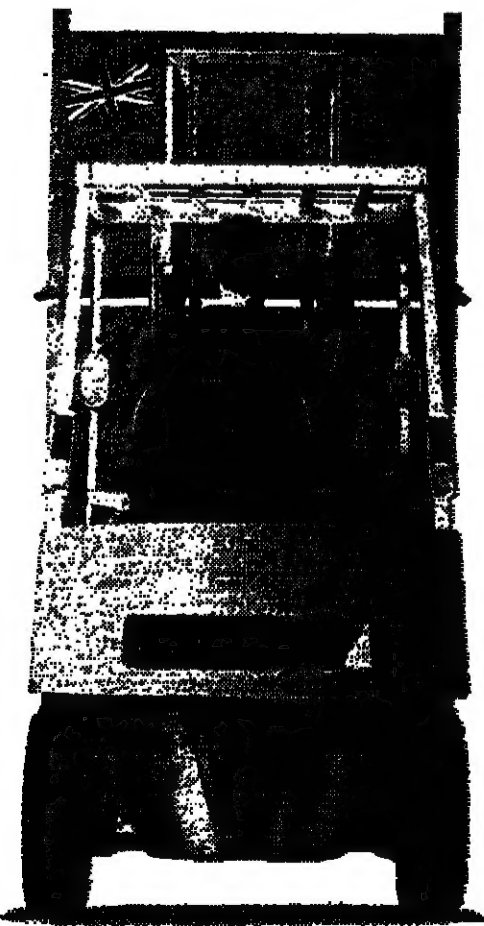
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## Tokyo exchange to decide on new seats in November

BY CARLA RAPOPORT IN TOKYO AND HUGO DIXON IN LONDON

THE Tokyo Stock Exchange, under pressure to admit more foreign members, said yesterday it would not make any decisions on increased membership until November.

Mr Michael Howard, UK Undersecretary of State for Corporate and Consumer Affairs, this week made an urgent appeal to the exchange to agree to a timetable to expand its membership by July or June and accept three UK members by the end of 1987. The TSE rejected the request, saying it could not physically accommodate new members until May 1988 when its new building would be complete.

The UK has threatened to revoke the licences of Japanese banks under the Financial Services Act if its demands are not met. The Ministry of Finance yesterday said: "It is a very serious issue, but the decision is up to the TSE."

Yesterday, the TSE said it would have a full membership meeting in November when it would decide how many new members it would admit in 1988 when its new premises were complete.

A TSE official said: "The UK does not have any priority. We will have to study applications from all foreign countries, including the US." It is

believed the number of new seats would exceed three.

The TSE continues to insist that its May 1988 date for increased membership is a concession to foreigners. Earlier, it had maintained that Autumn, 1988 was the earliest date.

"This is our great effort to compromise from the end of next year to May of next year," said the TSE.

The TSE open the possibility of a face-saving compromise on the issue. It said there was a "possibility" that the new members could be formally admitted to the exchange by the end of this year, but prevented from operating on the TSE floor until May when computer terminal booths would be ready.

This compromise is not likely to appease the UK, at least for the moment. The UK has told Japan it does not care how the extra seats could be obtained through mergers of current members or new computerisation.

Two of these concerns did not think Mr Takeuchi's comments were such a blow to their strategies. They were more wor-

ried that any decision to impose financial sanctions on Japan could backfire.

Mr Geoffrey Williams, a director of Schroder, said: "Before all this blew up, I do not think we would have expected an opening within 1987." He (Mr Howard) has not given any reason why he has set that particular timing.

"I was always brought up not to threaten the Japanese with big sticks," Mr Williams said. He was worried that the situation might degenerate into a perpetual stand-off which could delay Schroder's ambitions to become a member of the exchange.

Mr Robin Fox, vice chairman of Kleinwort Benson, said May 1988 was the earliest date he had been expecting anyway. "If it was actually May and we knew it would be, that would not be too bad. But we would welcome it a little bit earlier."

Mr Fox said he thought it would be reasonable for the Bank of England to delay giving banking licences to Yanaiichi and Nikko, two Japanese securities firms, until more British securities concerns had been admitted to the Tokyo exchange.

"But I don't believe in throwing people out of London," he said.

## Canada to monitor steel shipments

By Bernard Simon in Toronto

CANADA is to monitor closely all steel imports and exports to thwart offshore producers who appear to be circumventing US import curbs by funneling shipments through Canada.

The measures announced by Miss Pat Carney, International Trade Minister, are designed to avert action by Washington against Canadian steel producers following a surge in cross-border shipments.

Canada's share of the US steel market has risen from 2.7 per cent to more than 5 per cent since mid-1984.

The Canadian steel industry concedes that its sales to the US have increased but maintains that the bulk of the recent growth in exports is due to brokers and service centres channelling material from third countries through Canada.

Mr Don Remanuk, chief executive of the Canadian Steel Producers Association, whose 14 members account for more than 70 per cent of exports to the US, yesterday identified South Korea, Brazil, Argentina and the EEC among countries suspected of using Canada to circumvent voluntary restraint agreements with the US.

Canadian steel producers maintain that much of the growth in their shipments since last summer was due to the recently-ended strike at the big US steelmaker USX Corp. Mr Remanuk said: "We are attempting to be careful and prudent about which orders we fill."

Canada has taken a number of steps in the past two years to retain its exemption from US import curbs. Country-of-origin markings have been introduced for some products imported to Canada, and import monitoring of carbon steel was begun last September.

Introducing the new monitoring measures in parliament, Miss Carney said: "We expect the US administration to do its job and resist pressure from the US steel industry and Congress to restrict fairly traded Canadian steel."

## Peter Montagnon reports on a surprising study by Hawker Siddeley

### A profitable mix of trade with aid

BRITISH exporters frequently complain that they risk losing major export contracts in the developing world because of the Government's lack of aggression in sweetening export credits with development aid.

While other countries, notably France and Japan, make an active point of exploiting such possibilities, Britain, under the free market principles of Mrs Thatcher, has been reluctant to go along. Mixing aid with trade not only distorts the market, it also tends to feather-bed lame ducks who could not win international business on their own merits, the argument goes.

Yet until now industry has produced precious little analysis to support its alternative view, which is that the judicious use of aid not only helps the exporter itself, but also brings wider long-term benefits to the home economy as a whole. So it is not surprising that eyebrows have been raised in Whitehall by a new study carried out by Hawker Siddeley which puts this point very forcibly indeed.

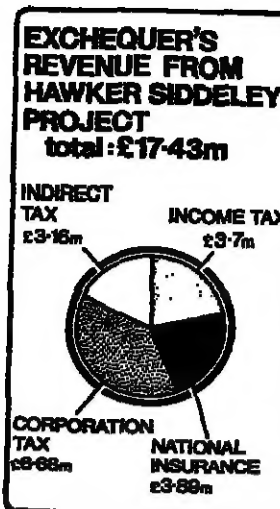
The study, carried out in conjunction with Loughborough University, is basically an analysis of a single contract won by Hawker Siddeley in Indonesia in 1985 for delivery of 23 diesel power generating sets and associated equipment to facilitate rural electricity generation. It claims that the Government stands to recover much more than its original £11.73m in aid.

Here a number of caveats are immediately in order. The study covers only one particular project and cannot lead to any general conclusions about the aid and trade programme. Moreover it is a project with a high UK value-added content. The manufacture and export of diesel engines obviously means more in terms of jobs within the UK than say, a construction project where most of the labour content is local and there is little or nothing in the way of follow-up servicing contracts.

Yet it is still worth more than passing examination, first because it is the only contract ever to be subjected to such detailed scrutiny, and second because it can in no way be described as one involving abuse of aid to subsidise an uneconomic supplier.

Hawker Siddeley says it won the tender on the basis of price alone. It had never before availed itself of the aid and trade provision and was forced to do so only to meet an Indonesian requirement that it submit a concessional financing offer.

The study looks at the job creation effects of the contract within the UK economy and then goes on to measure this in terms of cash return to the Exchequer in terms of income tax, corporation tax, national insurance and indirect taxes. In the short run the return exceeds the original aid outlay by almost 50m.



Hawker Siddeley calculates 952 man-years of employment were directly generated within the company and its suppliers as a result of the contract, with a regional impact concentrated on the north-west where the average unemployment rate was 16.5 per cent in 1985, and in the East Midlands, a region particularly dependent on manufacturing employment.

Moreover, the spillover effect of jobs created in the component industry, as well as the multiplier effect that comes into play as wages are spent in the economy, adds additional jobs, bringing total value of the contract in employment terms to 2,385 man-years.

Even working from the basic 952 man-years of employment created by the order, the gross cost to the Government works out at £12,570 per job. This compares remarkably well with published figures indicating that a regional aid total policy package would have had a gross cost of £52,000 per job at 1985 prices.

The UK is therefore being over cautious in its reluctance to expand export aid, the study concludes. "It is a poor farmer who ignores the benefit of the harvest when he buys his seed." "The Indonesian Scattered Diesel Programme—an ATP supported project Loughborough University of Technology Department of Economics and Engineering, Burton on the Wolds, Loughborough, Leics. LE12 5TT."

## EEC probe chip dumping claim

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday caused further complications in US-Japanese agreement on semi-conductors by announcing an anti-dumping investigation into Japanese exports of Epsrom (erasable programmable read only memory) chips.

The action is a response to complaints of dumping by the Japanese made by the European Electronic Component Manufacturers Association, in defence of the rapidly shrinking number of European micro-chip manufacturers.

The commission says there is enough evidence of dumping of Epsrom chips to justify an inquiry, which could lead to the imposition of anti-dumping duties.

Between 1984 and 1986,

Japanese manufacturers of Epsroms ranging from 64K to 256K raised their exports from \$m to 28m units, increasing their share of the EEC market from 60 per cent to 78 per cent, it says.

"Abnormally low"

The association claims the price of Japanese exports has been as low as to "force Community producers to sell their output at abnormally low prices"—or 30 per cent below the level "which would have been reached under normal conditions of competition."

The anti-dumping investigation appears to conflict with the case taking place in the General Agreement on Tariffs and Trade, in which the Commission

claims the US-Japanese semiconductor pact interferes with prices in third markets—and could actually raise them.

However, Commission officials say the latter case is in defence of EEC consumers of micro-chips, whereas the anti-dumping investigation is aimed at protecting chip manufacturers.

Double interest

Mr Willy De Clercq, the Commissioner responsible for external trade, said the EEC had a double interest in the trade: as a producer and as a consumer. It was maintaining its Get action on the principle of a bilateral trade agreement offending against international free-trade rules.

## Soviet exports to West fall

BY PATRICK COCKBURN IN MOSCOW

SOVIET trade with the west fell by a quarter last year as a result of the slump in oil prices but the final trade gap of 2.72bn roubles (£2.63bn) is smaller than expected.

The drop in exports to the west to 13.1bn roubles in 1986 compared with 18.5bn roubles the previous year was matched by a sharp cut in imports. These dropped to 15.8bn roubles from 18.2bn roubles over the same period.

Moscow prevented a greater fall in its exports, 60 per cent of which came from crude oil, by increasing the volume of oil sold abroad. It will also have benefited from oil prices rising to about \$18 a barrel by the end of the year.

There has been little sign of Moscow wishing to keep imports at their previous level by borrowing from abroad.

Soviet industry will have been hit by a deterioration in the country's terms of trade because its commodity exports are largely denominated in dollars while its main imports come from West Germany, Finland and Japan.

The emphasis in Soviet trade policy in recent years has been to look to other socialist countries for as much of its machinery and equipment imports as possible. Senior Soviet officials have continually said they expect good quality machinery in return for low-priced Soviet oil and gas.

## Brown Boveri Turkey bid

BY WILLIAM DUFFLORCE IN GENEVA

BROWN BOVERI, the Swiss electrical engineering group, announced yesterday it had secured finance and is submitting a tender with an international consortium for a novel type of contract to build three 400 MW coal-fired power plants in Turkey.

The project will cost about \$30m. The contract incorporates a BOT, build, operate and transfer arrangement under which the consortium will finance construction and run the plants during a 10-year lease redemption period.

Repayment will be realised by selling the electricity produced to TEK, the Turkish state electricity authority, during the 10 years after which the plants will become

the property of the Turkish state.

Rabcock and Wilson, the US boiler-maker, and Philip Holmann, the West German construction company, are partnering Brown Boveri in the tender for the power complex which will be built at Ambarli on the Sea of Marmara.

A banking group led by Swiss Bank Corporation and including Union Bank of Switzerland, Credit Suisse and Chase Investment Bank has agreed to raise more than Sfr 700m (£284m) in finance for Brown Boveri.

ERG, the Swiss export credit agency, is expected to cover the larger part with more cover coming from other national agencies.

## Would a helping hand hold you back?

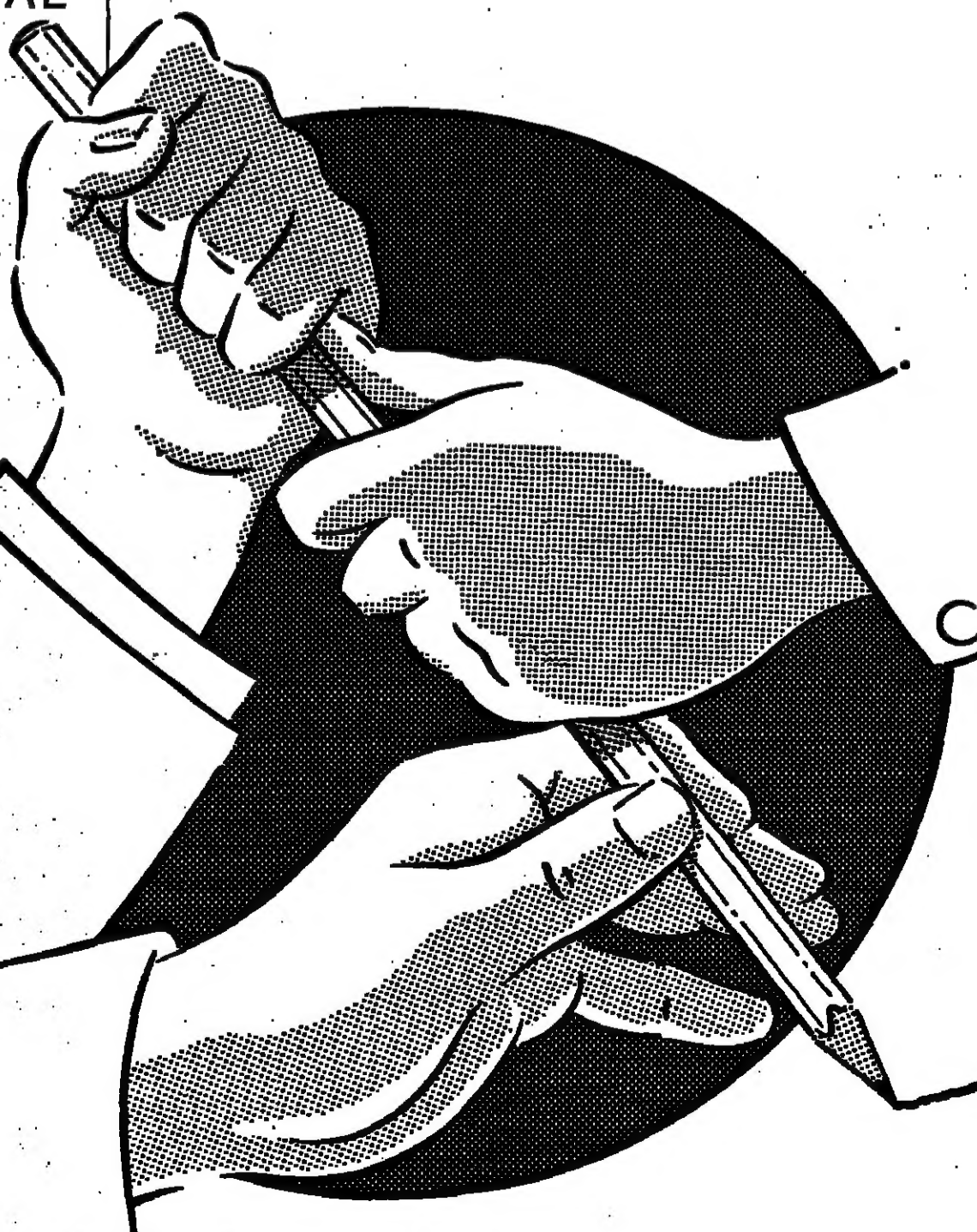
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We are proud (sound drums and trumpets) to introduce the Compaq Portable III.

It is more powerful than an IBM AT, yet packs up small enough to stow away under an aircraft seat.

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Never has such a small computer been so powerful. Never has such a powerful computer been so small.

(Stirring stuff, eh? Stick around, there's more!)

THE WORLD'S 1ST PORTABLE DESKTOP. ■

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## THE COMPAQ PORTABLE III.

please people like you.

You wanted a computer small enough to carry with you to meetings, or on business trips.

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So they've made a tiny machine that measures only 9.8" x 16" x 7.8" and weighs in at about 18 pounds.

But has an 80286 chip running at 12Mhz, up to 6.6 megabytes of working memory,

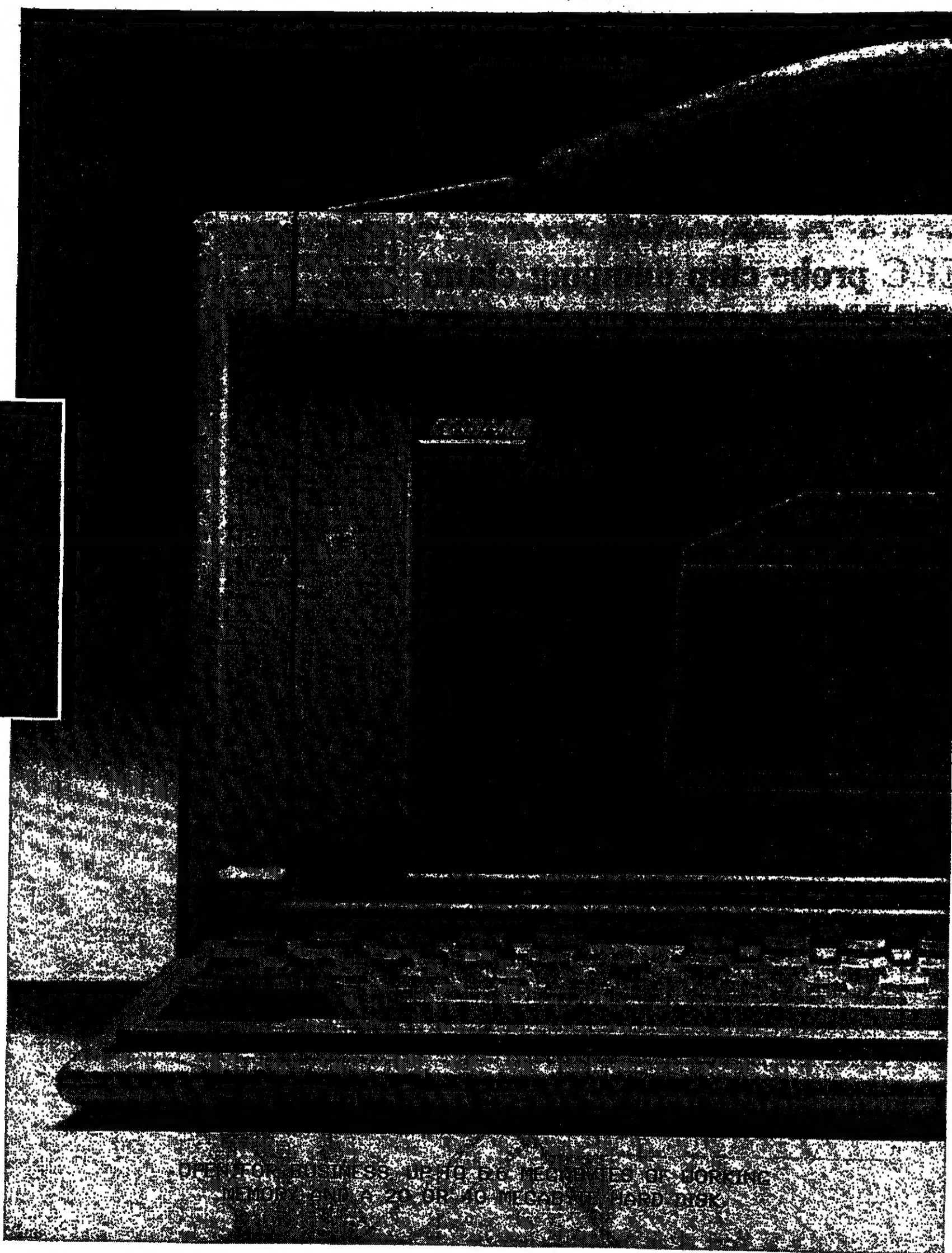
fixed disk storage of 20 or 40 megabytes, a full size keyboard and complete compatibility with industry hardware and software standards.

YIPPEE, NO BATTERIES. ■

The Portable III runs on mains power because:

We insist on a gas plasma screen because it's bright, clear and sharp. It gives you a 640 x 400 line display for high resolution text and 640 x 240 (CGA compatible) for wonderful graphics.

And another thing. Because it's a traveller's micro, the



1) Batteries aren't up to powering an 80286 chip.

2) Fixed disk drives need a lot of juice.

3) You can't run a gas plasma screen off batteries.

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Portable III has an Automatic Line Selecting Feature. Simply plug it in anywhere in the world that has 110v or 220v and it will automatically adapt to the voltage.

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Fixed disks need an awful lot



of protection in order to survive in a portable machine.

Yet some people cram 10 megabyte disks into tiny lap-tops with no shock mounting to protect them. When those systems crash, they really CRA-A-A-A-A-A-SH.

Light though it is, our

There's one more thing to look out for. Some companies are still fitting 'slow' disks in their latest products

Ours are high performance disks with an average access time of less than thirty milliseconds.

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With sausages like yours, you need a full sized keyboard and numeric pad.



## IMF-WORLD BANK MEETING

## Fall in oil price and in dollar weaken world economic growth prospects

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

ECONOMIC GROWTH in the leading industrial nations is expected to average only 2.4 per cent this year, while developing and heavily-indebted nations will also face a further slowdown in the pace of their expansion.

In a relatively gloomy assessment of economic prospects, the International Monetary Fund says in its latest Economic Outlook that on current trends the major imbalances in the world economy will be only gradually eroded over the next few years.

The report says that a number of uncertainties cloud the outlook.

The first is how quickly financial disequilibrium in the major economies—budget deficits and current account balances—can be reduced and whether US persistence will disrupt financial markets.

The second is the question-mark over the resilience of economic expansion, and the third centres on the problem of re-investing growth in the developing countries while resolving the debt issue.

The slowdown in economic growth is disappointing in relation to the optimistic assessments made only a year ago,

the report says. It attributes the weakening to the twin shocks of the fall in the oil price and the rapid depreciation of the value of the dollar.

The IMF says there are positive signs for the future as the lagged beneficial effects of the oil price fall begin to come through and economies adjust to the exchange rate changes.

It adds, however: "Several considerations suggest that any strengthening of growth in the industrial countries is likely to be modest."

The financial policies now in place in the major economies are likely to be more restrictive over the next year than they were last, while demand in the US may be dampened by the sluggishness of investment spending.

The fund's forecasts point to a relatively weak performance in each of the major economies. In the US output is expected to rise by 2.5 per cent in 1987, compared with the 2.5 per cent growth recorded last year. In Japan, the pace of output expansion is likely to accelerate slightly to 2.7 per cent from 2.5 per cent, but that is more than offset by a projected fall in West Germany's growth rate to 1.9 per cent in 1987.

BRITAIN'S economic growth rate will outperform that of the other main industrial nations this year, according to the International Monetary Fund's latest forecasts. It will, however, face a substantial widening of its current account deficit.

The IMF's Economic Outlook predicts Britain's economy expanding by 3 per cent in 1987 compared with the 2.4 per cent average among Group of Seven countries in 1986, however, the pace of growth is expected to slow to 2.3 per

cent, while in the other main economies it is forecast to accelerate to 2.9 per cent.

The outlook projects a current account deficit of \$4.9bn in 1987 against the \$1.6bn shortfall estimated for last year. For 1988, the IMF forecasts a deficit of \$5.8bn.

IMF economists also expect a gradual deterioration of Britain's inflation performance, with the annual rate of price increases forecast at 4.6 per cent in 1987 and 5 per cent next year.

This compares with the projections of an average inflation rate for the seven main economies of 2.7 per cent this year and 3.3 per cent in 1988.

In spite of the 53m reduction in public sector borrowing requirement announced in last month's Budget, the IMF suggests the Government's fiscal policy will continue to be mildly stimulatory in its economic impact in 1987. In 1988, however, it is projected to be neutral or slightly contractionary.

The dollar's sharp devaluation is beginning to be reflected in the volume trade flows, although it will probably take three years to get a reasonably complete effect, the report says.

The expected improvement will not be sufficient, however, to eliminate the large existing imbalances.

It forecasts that, in nominal terms, the US current account deficit will fall only slightly to \$138.9bn this year and will remain at about \$130bn in 1988. Japan's surplus will still be

above \$80bn both this year and next, while West Germany will record a surplus of about \$35bn in 1987 and \$29bn in 1988.

In an assessment of the medium-term prospects, the report says that unless there are significant policy changes, the imbalances will continue into the 1990s. That could result in further downward pressure on the dollar and a further weakening in output growth.

The IMF highlights the need for the US to take further

action to reduce its budget deficit, while in Japan and West Germany it says the priority should be to sustain output and demand growth.

It says, however, that the current account imbalance between the US and Japan is a more intractable problem than that between West Germany and the US. The medium-term projections indicate that the West German surplus will fall substantially by 1991 while in Japan it will narrow by only a "moderate amount."

The IMF's projections do point to some rebound in output growth in the leading industrial countries to 2.9 per cent in 1988, but suggests that little further improvement can be expected after that.

Developing and highly-indebted countries, meanwhile, will face a further worsening of their relative economic position.

The fall in the oil price and the weakness of other commodities markets resulted in a terms of trade loss for developing countries amounting to about \$100bn in 1986, while this year they will be hit by the slowing of domestic demand in industrial nations.

This is being accompanied by what the IMF says is a virtual cessation of private international lending to developing and highly-indebted nations.

The report concludes that these trends raise "serious questions about the ability of many developing countries to improve their growth performance over the next five years and to lay the basis for more rapid and sustained rates of growth for the remainder of the century."

INDICATORS OF ECONOMIC PERFORMANCE				
Real GNP/GDP	Actual 1985	1986	1987	Projected 1988
Annual growth rates, in percent				
Canada	4.0	3.1	2.9	3.8
US	2.7	2.5	2.3	3.1
Japan	4.7	2.5	2.7	3.3
France	1.4	2.2	1.5	2.1
West Germany	2.5	2.4	1.9	2.0
Italy	2.3	2.8	2.9	2.1
UK	3.4	2.5	3.0	2.3
Total	3.0	2.5	2.4	2.9
GNP/GDP DEFLATOR				
Canada	3.4	2.8	3.5	3.2
US	3.3	2.6	2.8	3.4
Japan	1.4	1.8	1.1	2.6
France	2.8	3.3	2.0	2.6
West Germany	2.2	3.3	2.5	2.4
Italy	8.8	9.1	8.7	5.2
UK	6.1	2.6	4.4	5.0
Total	3.6	3.1	2.7	3.3
CURRENT ACCOUNT BALANCE				
	Percent of GDP/GNP			
Canada	-0.1	-1.7	-2.2	-2.3
US	-2.9	-3.0	-3.1	-2.7
Japan	3.7	4.4	3.7	3.4
France	-0.1	0.5	0.4	0.2
West Germany	2.1	4.0	3.1	2.4
Italy	-0.6	-0.3	-0.8	-0.9
UK	-0.7	-0.2	-0.3	-0.3
Total	-0.7	-0.2	-0.3	-0.3

## Brazil seeks extension to debt from US banks

BY ALEXANDER NICOLI

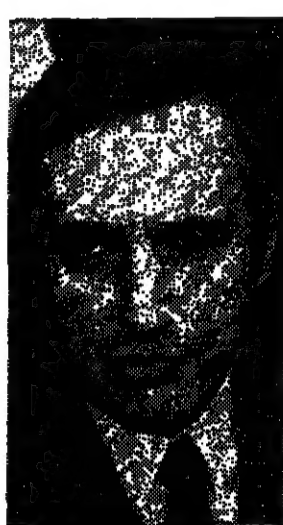
MR. FRANCISCO GROS, Brazil's central bank governor, today resumes discussions in New York with the country's leading bank creditors, with little sign that the confrontation between them has eased since he met them in Miami last month. He is expected to seek an extension of \$9.6bn of debt which matures next week.

The advisory committee of US banks, chaired by Citibank, is again likely to press for Brazil to produce economic measures to help restore their confidence, following February's unilateral suspension of interest payments on \$68bn of medium- and long-term debt.

Though detailed negotiations on a long-term package are unlikely to begin for some time, banks are expected to continue to press today for a token interest payment as sign of Brazil's good faith.

US banks have been sharing up their positions ready to take a tough line with Brazil by putting their Brazilian exposure in non-accrual status, meaning interest payments are only taken into account when they are received.

Senior bankers warn that unless there is some progress at today's meeting, the advisory



Dilson Fumero failed to impress

committee could find it difficult to discourage fellow banks from taking action on the \$15bn short-term interbank and trade credit lines which Brazil has effectively frozen.

In talks at the Inter-American Development Bank annual meeting in Miami, Mr Gros requested a 60-day informal

standstill, under which banks would maintain short-term lines. Their commitment to do so technically expired on March 31. The bank advisory committee, however, did not endorse the request.

Since March 31, banks have been rolling over the credit lines, but often for shorter periods than were previously the custom.

But in practice banks have little option but to maintain the lines, which are extended to the foreign branches of Brazilian banks, because of US Treasury measures which changed the rollover procedures in effect from them.

Mr Gros is expected to ask today for an extension of the \$9.6bn debt which matures on April 15. The advisory committee will have to decide whether the support the request.

In the absence of economic measures, bankers are unimpressed by a financing programme which has been outlined by Mr Dilson Fumero, the finance minister, calling for funding of \$4bn a year between 1987 and 1991. Mr Fumero, who has led Brazil's crusade against the International Monetary Fund, says Brazil will not adopt an economic programme subject to outside monitoring.

## Group of Seven to upgrade role of Italy, Canada

By Stewart Fleming in Washington

THE MAJOR industrial countries have agreed to strengthen the role of Italy and Canada in their discussions of international financial developments.

This follows pressure from Italy which walked out of the meeting in Paris in February where agreement was reached on steps to try to stabilise the leading currencies.

Mr Giovanni Goria, the Italian Finance Minister, announced yesterday that in future there would be three meetings of the so-called Group of Seven (G7) industrial countries a year. At least two of these will be attended not only by the finance ministers but also by central bank heads. In addition a group of G7 deputies would be set up to prepare for the finance ministers' sessions.

In Paris a diplomatic storm erupted when Italy walked out of a meeting of the G7 in protest against what it saw as a decision to govern the Five (G5) industrial countries, which had met the previous day, to present the G7 with a "fait accompli" for their approval.

Evidently Italy and Canada are hoping that it will now be more difficult for the G5 to meet in secret.

## Stewart Fleming profiles the incoming MD Michael Camdessus

## New chief who loves new ideas

THOSE WHO know Mr Michael Camdessus and his predecessor as the managing director of the International Monetary Fund, Mr Jacques de Larosiere, are in no doubt about one thing: two more different individuals are hard to imagine.

Mr de Larosiere, who quit at the beginning of the year after carrying out a key role for the IMF in the handling of the third world debt crisis, was a martinet. An austere and distant man, in public he hid his personal warmth and drove himself and his staff to the limits of their strength as he and Mr Paul Volcker, the Federal Reserve Board chairman, battled to prevent the third world debt crisis from crippling the world's financial system.

It may be argued that this was the only way to contain the threat in the heat of the crisis after it broke in 1982. Bankers had to be whipped into line, countries compelled to accept the IMF's economic austerity programmes in return for the funds they desperately needed.

While Mr de Larosiere believed that that austerity and economic adjustment was inevitable and was an essential precondition for the resumption of healthy economic growth, his style helped to lend credibility to the charges that the IMF's



Michael Camdessus not just warm and charming

has anything other than the interests of his intercontinental at heart when he meets them face to face. That, no doubt, helps to explain why he was such a skilled mediator between developed and developing nations at the Paris Club between 1978 and 1984.

It is these qualities and his willingness to consider new ways to tackle old problems, which, it is argued, will serve

him and the IMF well in the difficult years ahead.

Mr Camdessus also believes in economic adjustment as an essential element in the restoration of third world growth. He could not have been offered, the job if he believed that the current "case by case" approach to the debt crisis which the industrial world insists upon was mistaken. Nor if he had serious doubts about the importance of tackling the debt crisis in ways which did not undermine the role of financial markets.

It is equally certain that a man who enjoys exploring new ideas must relish the prospect of taking over the IMF when the nations who control it are encouraging the institution to rethink its role and methods. They are facing up to the reality that the debt problem will take far longer to resolve than they imagined a year or two ago.

A top priority of the new managing director is to try to use the IMF to add momentum to the efforts the industrial countries are making to improve economic policy co-operation. He can hope that they do indeed recognise that their salvation lies in such co-operation, although the evidence to back-up that hope is flimsy.

## AMERICAN NEWS

## Call for Sarney to reshuffle Brazil Cabinet

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL'S three most powerful state governors have called on President Jose Sarney to launch an immediate reshuffle of his ministers and introduce a clear economic strategy, embracing specific targets for the short and medium-term.

The explicit public criticism of Mr Sarney's leadership came in Sao Paulo after a meeting between Mr Orestes Quercia, the state's governor, Governor Moreira Franco of Rio de Janeiro and Governor Newton Cardoso of Minas Gerais—leaders of the three most populous and economically powerful states in Brazil.

It was also attended by another senior member of the ruling Democratic Movement Party (PMDB). Governor Marcelo Miranda of Mato Grosso do Sul.

Together, the governors control a formidable number of deputies and senators in Congress and their unanimity, in spite of personal rivalries, serves to underline the frustration with what is widely considered to be continued inaction by the Sarney Administration.

The governors' intervention may also be interpreted by Brazil's creditor banks as confirmation of their view that insufficient steps have been taken by the government to tackle the country's internal economic problems.

Today, Mr Francisco Gros, the central bank president, resumes talks with the 14-member advisory committee of creditor banks on rescheduling of the country's \$104bn foreign debt.

Though he is expected to underline measures already taken by Brazil to re-order its inflation-wracked economy, the governors' statements clearly weaken his case.

In a press conference after their meeting, the four governors were unusually outspoken in their criticisms of the

government. In particular, they made clear they were not satisfied with the presentation on economic strategy made to the PMDB last week by Mr Dilson Fumero, the finance minister.

"He brought nothing new," Governor Quercia said. Claiming that he had the support of four other governors, Mr Quercia added: "They were all unanimous on the question of the urgent necessity that the President takes charge and addresses the demands of Brazilian citizens, who want to know where the country is going."

While refusing to call for any specific sackings, the governors made clear that the most urgent area for ministerial changes lay among those with responsibility for the economy. Mr Moreira Franco also called for the presidency of the central bank to be given full autonomy, rather than be subject to direction from the finance ministry.

Political analysts in Brazil are attributing part of the apparent paralysis in government to continuing uncertainty over Mr Sarney's term of office. The length of his mandate is still to be defined by the constitutional assembly and opinions vary as to whether the term should be four, five or six years.

Many argue that it is the president's efforts to find offensive compromises acceptable to all shades of political opinion that has prevented tough decisions from being taken.

One man was killed and more than 40 hurt in Rio de Janeiro late on Wednesday after five hours of rioting near the central railway station. The incidents took place when railway police and shock troops fired on a crowd protesting at delays and cancellations of trains due to a railway guards' strike.

## Mexico breaks phone strike

By David Gardner in Mexico City

THE Mexican Government has broken a strike by workers at Telefonos de Mexico (Telcel), the state telephone utility, by taking over the running of the company two hours before the stoppage was due to begin.

The move repeats the tactics used last month on the traditionally vanguard electricians' union. It was also employed on the telephonists themselves the last time they attempted to strike in 1984.

When the electricians persisted with their action, the government took extraordinary legal measures against them, getting a court to declare their strike "non-existent" making union members liable to dismissal.

The authorities are having an easier time with the telephonists, led by Mr Francisco Hernandez Juarez, whose tactics have undoubtedly helped the government to isolate first the electricians and then his own union, whose members yesterday appeared to be returning to work.

Mr Hernandez holds the rotating leadership of the Congreso del Trabajo (CT), the 35-union umbrella organisation dominated by the regime-led CTM. Under CTM pressure, he three times held off from generalised strike action in the public sector, in pursuit of a wage increase of 23 per cent.

This was the quarterly rise decreed by the government in January for minimum wages. In the past four years of crisis—during which real purchasing power of unionised workers has fallen 45 per cent—these increases have occasionally been awarded to unions with yearly bargaining arrangements, usually to head off strike action.

Mr Hernandez appears to have been persuaded by the CTM that this would happen again, and left the electricians to go ahead on their own.

## Compromise sought to cut US budget deficit by \$37bn

BY LIONEL BARNER IN WASHINGTON

The House of Representatives yesterday renewed its debate on the federal budget for next year, seeking a compromise on how to cut the bulging deficit by about \$37bn.

The Democrats, holding a clear majority in the lower chamber, have put forward a plan which strikes a balance between modest tax increases and cuts on defence and domestic spending, which should bring the deficit down to about \$135bn, well above the Gramm-Rudman mandatory target of \$100bn.

The proposal is a compromise

between the Liberal and Conservative wings of the party, and reflects deep divisions over spending priorities. These were highlighted this week in the US Senate where the Democrats' majority is also working on alternative budget proposals.

Senator Lawton Chiles, democratic chairman of the Senate budget committee, was forced to submit four different budget resolutions for fiscal 1988, which starts on October 1 this year.

Both the House and the Senate are trying to construct alternative budget proposals to

the \$1,000bn budget submitted by President Reagan to Congress last January. Under Gramm-Rudman Congress is mandated to reduce the budget deficit from the current \$171bn to \$100bn in fiscal 1993.

President Reagan's budget claims to achieve this target without introducing additional taxes, thanks to asset sales and some highly optimistic economic and technical assumptions. The Democrats have quailed "foul," but have been forced to show they can come up with their own version.

The House proposals include a \$18bn cut in defence and domestic spending via the removal of the customary inflation allowance. The house budget committee only has \$108bn by using the White House's own assumptions which are far more optimistic than those of Congressional analysts.

The House spending proposal also plans \$3.8bn in user fees and other revenues. About \$3.7bn would be cut from the military budget (which would be \$2bn above the 1987 level

but would fall \$15.9bn short of the amount requested by President Reagan.

Projected non military spending could be reduced by \$4.75bn.

Under the Gramm-Rudman law Congress is supposed to approve a budget plan by April 15.

The Senate budget committee proposal favoured by Senator Chiles envisages \$11.8bn in tax increases and \$17.2bn in spending cuts, reducing the overall deficit by \$37bn.

## Robert Graham reports on a war in which the Sandinistas are just holding their own

## Time for the Contras to show their hand

THROUGHOUT the Nicaraguan countryside peasant farmers have begun to burn maize stalks and the tropical undergrowth bleached pale by four months of monsoon rain.

This is the last stage of the dry season. The US-backed Contra rebels have only until early June to benefit from the slack rivers, easy ground movement and clear night skies to demonstrate their strength against the Sandinista Government.

Yet so far the Contras' much-heralded dry season offensive has been rather a phoney war. "We believe they (the Contras) have no more than 6,000 men inside Nicaragua," says Commander Tomas Borge, the Interior Minister.

In Honduras, where the Contras maintain their main operational base, a spokesman for the rebels claims their camps inside Honduran territory have been almost cleared of active fighters. "We've got 1200 men inside Nicaragua and more to high," he says. However, even some US intelligence estimates believe the figure is exaggerated and a neutral estimate would be about 9,000, with over 80 per cent drawn from the Nicaraguan Democratic Front (FDN) controlled by former members of Somoza's National Guard.

The Contras are under pressure to produce quick results for the US Congress to demonstrate they are a credible force after their damaging internal political divisions of the past months. But quick results are not easy in a guerrilla war, especially when the Nicaraguan armed forces have hammered them hard during the last two dry seasons.

Senior Sandinista officials fully admit the economic damage caused by the war. Over the past seven years it has cost the economy \$1.1bn directly; but a relatively small proportion of this can be attributed to Contra-inflicted damage through sabotage.

Most of the damage has been caused by the US trade and financial embargo and the disruptive effects of a country permanently mobilised on a war footing.

Furthermore, Sandinista officials are sceptical of the Contras' level of support inside the country, despite the great discontent over shortages and hyperinflation.

Indeed, the American build-up of a capability in Honduras to mount a direct invasion of Nicaragua is seen as an explicit admission of the Contras' inability to unseat the Sandinistas. "The US military circle



round Nicaragua is virtually complete and now they (the US) are planning their biggest ever exercises in the region," warns Commander Borge, echoing the constant refrain in Managua that a US intervention is inevitable.

The rebels have so far been operating within Nicaragua's mountainous rural areas and the remote forested Caribbean coast. Details of fighting are sporadic and hard to verify independently.

One recent incident in the wild south-eastern mountains round Nueva Guinea threw some light on the nature of the war.

A group of 15-20 Contras ambushed forestry workers travelling in a pick-up van in the early morning, killing eight of the 10 occupants. According to the two survivors it was a hit and run operation, with the Contras using grenades and automatic weapons.

The forestry workers, who travel into the mountains for up to 15 days in search of valuable teak and mahogany, were armed and dressed in army fatigues. The workers were employed by Eficocsa, a state-owned lumber company, which since October 1984 had seen 23 of its workers killed and 11 injured until this incident. It is a prime target as it is responsible for one of the most valuable economic activities in the region.

Thanks to the provision of some 50 Soviet troop-carrying helicopters and helicopter gunships, the Sandinistas have a high degree of mobility. The Sandinista army, through description and reserve, can call up numbers over 60,000; but most reliance is placed upon latter make a point of going out small special force units who operate mostly at night. The

makes a point of going out to make contact with the enemy.

The Sandinistas' willingness to go out on search and destroy missions has led to a high casualty rate on both sides. President Daniel Ortega revealed recently that in 1986 the Contras suffered 4,532 deaths while Nicaraguan civilian and military casualties (deaths and injuries) totalled 6,565.

In the period March 5 to April 5 the Nicaraguan Defence Ministry reported 425 Contras killed against 116 Sandinista troops. Independent observers believe these Contra casualty figures are on the high side. Nevertheless, the Nicaraguans are reliably understood to be achieving a kill ratio of at least one for one—an attrition rate which no guerrilla group can sustain indefinitely.

Nevertheless the Contras and their US backers insist the present dry season is going according to plan: the men have been infiltrated and the US-directed aerial resupply operation is working. The expected offensive will come in May and June—coinciding with major US exercises in Honduras and geared to lay down publicity markers for the forthcoming debate in Congress on the Administration's demand for \$105m to continue the struggle.



## UK NEWS

# Britain in Brussels talks on Japanese trade action

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

BRITISH GOVERNMENT officials will today hold talks in Brussels aimed at co-ordinating European action against the Japanese.

Mrs Thatcher, the Prime Minister, told the House of Commons yesterday that Britain was prepared to use reciprocal powers to limit the activities of Japanese financial institutions in London, but that other unilateral action could result in the Government being taken to the European Court.

She also said that individual action would probably fail because the Japanese would import goods via other EEC countries which traded freely with Britain.

Mrs Thatcher said she believed there was growing support within the EEC for co-ordinated action, but made clear her frustration that nations such as West Germany, the Netherlands and Denmark had traditionally resisted attempts to unite on trade matters.

The Brussels meeting will discuss more effective protection against

A US delegation is to visit the Confederation of British Industry (CBI) next Monday for talks with Mr John Banham, its Director-General over the Japanese trade issue.

The meeting will take place against the backdrop of threatened US trade sanctions against Japan in the electronics field, as well as threats from the UK that it will retaliate if Cable and Wireless is unable to obtain a significant stake in Japan's telecommunications market.

The changing of Japanese components and agreement on possibly dismantling collective EEC tariff agreements, enabling individual countries to act independently on tariff structures.

But despite mounting pressure for early action, it was made clear last night that, on the EEC front, any decisions could take months. A senior minister said that the visit to

Tokyo earlier this week by Mr Michael Howard, Minister for Corporate and Consumer Affairs, which had been primarily concerned with opening up financial services markets, had been given greater significance than was justified. He added: "Any wider measures must be comprehensively adopted to be effective".

The issue was discussed at yesterday's cabinet meeting and a Commons statement on Mr Howard's visit, and more general progress is expected after next week's Easter recess. A full-scale Commons debate also seems likely when MPs return.

Mr Neil Kinnock, the Labour leader, said last night that Mr Howard had been sent to Japan like "a messenger boy to make life gaudy". He added: "The government has made a classical tactical error in talking about timetables and alluding to powers under the Financial Services Act, the effect of which will be to induce Japanese interests to go elsewhere to trade".

## Government pay dispute begins to bite

By David Brindle

THE CIVIL SERVICE pay dispute began to bite at government revenue yesterday when strike action spread to computer workers responsible for Customs and Excise transactions worth £1.5bn a month.

Leaders of the 100 workers at the VAT computer centre at Southend, south-east England, said delay in collection of the revenue would cost the Treasury £200,000 a day in interest. Customs and Excise could not comment on the claim.

The action at Southend came as the Civil and Public Services Association (CPSA) and the Society of Civil and Public Servants (SCPS) called on all their members in north-west England and in Wales on a two-day strike which continues today.

The Department of Health and Social Security (DHSS) reported that all but four of its 108 offices in the two regions were closed to the public. It said 10,772 workers, representing more than 70 per cent of all staff in the regions, were on strike.

The Employment department said that 122 of its 178 offices in the north-west and Wales were closed. It estimated that 3,000 staff - more than half the total - were on strike.

The extent of the disruption, which is due to hit other regions in turn over the next five weeks, is likely to concern ministers who have been sceptical of the unions' ability to deliver action over pay of less than 4.5 per cent.

The strike at Southend, scheduled to last initially for a week, critically affects the work of the duty deferment unit which handles payments by big importers.

Although computer managers may attempt to process the run by alternative means, union leaders say they have contingency plans to thwart this.

## BRITAIN PULLS OUT OF EUROPEAN HELICOPTER PROJECT

# Westland awarded £300m orders

BY DAVID BUCHAN AND MICHAEL DONNE

WESTLAND, the troubled helicopter company, is to receive Government orders worth more than £300m. However, in order to partly finance the deal, the Government said yesterday, it was pulling out of the NH 90 European helicopter project.

The company is Britain's only helicopter maker. It said the order for 25 utility or transport versions of the new EH-101 multi-role helicopter, which Westland is building in conjunction with Agusta of Italy, and for 15 more models of the existing Lynx helicopter, would save off large-scale redundancies at its Somerset factories in the west of England.

About one third of the 7,000 jobs in the company's helicopter making

and support divisions might have to go, it said.

Mr George Younger, Defence Secretary, told the House of Commons yesterday the orders he was announcing "will sustain a British helicopter industry capable of meeting the demanding requirements of the services into the 1990s and beyond."

It added to a planned purchase of 30 naval versions of the Anglo-Italian EH-101, UK government helicopter orders would total more than £1bn over the next decade, he said.

Mr Younger denied Opposition suggestions that the decision to pull out of the five-nation European NH 90 project stemmed from the acquisition a year ago by Sikorsky, the big US helicopter company, of a stake in Westland. Mr Michael Hes-

eltine, who resigned as Defence Secretary in the row over Westland's capital restructuring, had alleged at the time that a Sikorsky tie-up would hinder Westland in European collaboration.

However, Mr Younger said that the UK no longer had a requirement for the relatively small NH 90. It did not have the money to stay in that programme with France, Italy, Germany and the Netherlands, and at the same time make "early purchases" of other helicopters.

Mr Younger said the British army in West Germany had decided that it wanted to ferry troops in platoon size of some 30 men. That eliminated the option of NH 90 helicopters, leaving a choice between buying more US-made Chinooks or

buying a utility version of the EH-101.

Mr Denzil Davies, Labour's defence spokesman, complained that "at least 2,000 direct jobs at Westland will be lost, plus indirect jobs, and one factory is likely to close almost in its entirety."

In placing new orders, Mr Younger said he was concerned to help cover the period until work on the naval version of the EH-101 built up at Westland in the early 1990s.

The Treasury decision to make special funds available to help the Lynx helicopters reflects acute government sensitivity to another political-industrial row concerning Westland in the run-up to a general election.

## Redundancy cloud hangs over 2,000 jobs

BY OUR AEROSPACE CORRESPONDENT

INDICATIONS ARE that yesterday's £300m package of procurement decisions will not be sufficient to save off redundancies at Westland, amounting to about one-third of the current work-force.

The package announced by Mr George Younger, Defence Secretary, includes an order for up to 25 of the utility transport version of the new Anglo-Italian EH-101 multi-role helicopter, in conjunction with Agusta, thereby advancing its full-scale development. Originally, the first EH-101s would have gone to the Royal Navy in the early 1990s.

In addition, the Ministry of Defence (MoD) is ordering another 15 of the existing multi-role Lynx helicopters for the support of air-mobile operations in the armed forces.

The UK is also pulling out of the projected European collaborative venture for a Nato helicopter for

the 1990s, the NH-90, because it would be too small, and later than, the EH-101. There was no money for its development in the UK defence budget.

The decisions follow an extensive review of UK military helicopter requirements, which Westland has been eagerly awaiting in view of its impact upon its future operations.

Collectively, these decisions will be worth about £200m to Westland, spread over the next two years, and will go some way to alleviating the impact of redundancies in the helicopter manufacturing division of the company, which currently employs about 1,500 workers.

Mr Younger claimed in the House of Commons yesterday that his proposals would "sustain a British helicopter industry capable of meeting the demanding requirements of the services into the 1990s and beyond."

But many MPs, including those

locally in the south-west England town of Yeovil, where Westland is based, feel strongly that the decisions, after so many months of study of future UK military helicopter requirements, are inadequate and have come too late to have any significant impact on the situation. They feel that the results of the ministry's study could have been produced more quickly, and could have been more helpful to Westland.

It is pointed out that it will take some time to implement the decision to bring forward the order for 25 EH-101s in the utility variant, although the first EH-101 prototype has been rolled out and will fly soon.

Only the Lynx order is likely to have an immediate effect, since that production line is already functioning, and the new orders can be slotted in conveniently, depending

on how soon the MoD implements the ministry's decision.

Thus, it seems likely that over the next few months, about 2,000 workers may have to go, to ensure that the company can survive this difficult period of order starvation, in spite of the MoD package.

In a small town like Yeovil, where Westland is the biggest single employer, the impact of any redundancies, will be severe.

The Government's view is that these orders will eventually ensure the survival of Westland as a UK helicopter manufacturer.

Westland's problems have been exacerbated by several factors. There has been a marked reduction in helicopter procurement for military uses, because of pressures on defence budgets, generated in turn by rising costs of aircraft procurement and government desires to reduce public spending.

## Computer leasing groups merge

BY RICHARD TOMKINS

THE STOCK market's dwindling band of computer leasing companies lost another of its members yesterday when Comcap succumbed to a merger with Atlantic Computers for £138m.

The deal will produce Europe's largest independent IBM computer services company, and values the combined group at about £470m.

Atlantic's move follows only days after United Leasing surrendered to an agreed bid from Inspectorate, the Swiss leasing group, for £30m. In November Deaserv was taken

over by BellSouth of the US for £68m.

The unexpected announcement accompanied Atlantic's figures for the year to December 1986. Atlantic said it had decided to change its accounting procedures and to adopt a more conservative approach to declaring its pre-tax profits.

The company reported pre-tax profits of £21.6m compared with a revised £14.9m last time, on turnover up from £183.1m to £238.1m. A final dividend of 3.5p per share is proposed, making 4.8p for the year (against 2.31p).

Atlantic had long suffered City of London criticism over its method of setting off the estimated second-hand value of leased equipment in its profit and loss account against the cost of sales. From now on, it says it will include only these values when they are actually realised in cash.

Until 1985 there were five computer leasing companies quoted on the London stock market. There have been doubts about accounting methods, and all the companies have been dogged in varying degrees by poor share price ratings. *Money and Markets, Page 24*

## Bank Leu International Ltd.

Notice to the Holders of the Warrants under the 7 3/4% US\$ 40 million Guaranteed Notes with Warrants Due 1989

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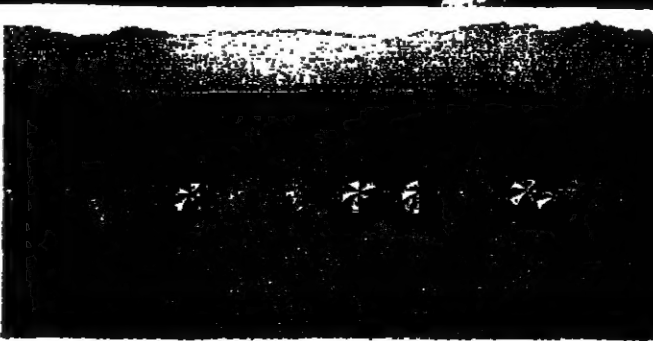
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## UK NEWS

# Half of Guinness fee paid in tax, says counsel

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR THOMAS WARD, the US lawyer who has refused to resign as a director of Guinness, the international drinks group, has paid more than half the £5.2m consultancy fee that Guinness is trying to recover from him in US taxes, the High Court in London was told yesterday.

His counsel, Mr Peter Curry, QC, said that about 57.5 per cent of the money had gone to the Internal Revenue Service: \$4,062m in federal taxes and \$653,000 in Maryland state taxes.

In evidence read to the court yesterday, Mr Ward sprang to the defence of Mr Ernest Saunders, the deposed chairman and chief executive of Guinness, who is his co-defendant in Guinness's UK court action to try to recover the £5.2m.

He described as "scurrilous and insupportable" Guinness's allegation that Mr Saunders had benefited from the £5.2m, of which £3,029m passed through a Swiss bank account "lent" by Mr Saunders to Mr Ward.

Mr Ward asserted that, before starting his court action, Guinness

had known that he had the money, less tax and certain expenditures, in the US.

Accusing the company of trying to "re-write the history" of its management decisions, Mr Ward said that the £5.2m had been a properly authorised payment for his valuable services.

But, he went on, "every aspect of this bid - the size of the target, the potential damage to Guinness from failure, the risk of losing, the difficulty of the issues raised and the costs for all services - were not merely very large but virtually unprecedented in the history of English takeovers."

Mr Saunders and Mr Ward are opposing Guinness's claim for the continuation until full trial of temporary orders freezing the two men's UK assets up to a limit of £5.2m, and requiring them to disclose the whereabouts of the money Guinness alleges that the payment of the £5.2m was a breach by Mr Saunders and Mr Ward of their fiduciary duty to the company.

The hearing continues today. Details, Page 12, Lex, Page 26

# Exports boost Land Rover jobs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LAND ROVER, part of the state-owned Rover Group, is to recruit 800 workers in response to a sharp upturn in exports.

The labour force at the Solihull factory, Birmingham, will be increased to more than 7,400 over the next few weeks with the aim of raising output by about 20 per cent this year.

The company said last night that demand for its luxury Range Rover vehicle, now available with a turbo-diesel engine in western Europe, had "gone through the roof" and it was difficult to meet the orders. Sales on the continent have jumped 50 per cent in the first quarter of this year from 1,738 to 2,603.

The Range Rover was launched successfully in the US last month and sales of 3,000 are projected for the first 12 months.

The company also reported a first quarter improvement in both UK and overseas sales of the Land Rover which last year slumped to the lowest production level for nearly 30 years.

Mr Tony Gilroy, managing director, said the rise in sales reflected changes to the product range to meet the needs of customers in developed countries. Traditional markets in Africa and the Middle East had been hit by low commodity

prices and a drop in oil revenues.

He pointed to increased competitiveness after reorganisation to concentrate manufacturing from 14 sites at the Solihull factory. "This, coupled with the realignment of sterling, means we are winning new business in export markets where demand continues to grow," he said.

Union leaders of the 6,000 manual workers believe that the company's sales success will strengthen their bargaining position when pay negotiations re-open at the end of this year. They pulled back from industrial action last month in spite of a narrow majority in a works ballot

for a strike in protest at the company's 1987 pay offer.

Land Rover, still a candidate for privatisation, will announce its 1988 results shortly. The company made a first-half trading profit of £1m after a 1986 surplus of £10m.

Freight Rover, the successful Sharps van business, was hived off from Land Rover at the beginning of this month to form a new joint company with Daf, of the Netherlands.

Land Rover said last night that the decision to increase production and take on new labour was "very encouraging" for profitability in the present year.

# Agency 'could lease Caterpillar plant'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE Scottish Development Agency (SDA) could buy and lease-back the US-owned Caterpillar tractor plant at Uddingston, near Glasgow, as a means of avoiding a potential alternative operator of the facility to get established, Mr Ian Lang, Scottish Industry Minister, said yesterday.

But there was at present no such potential alternative operator for the plant, he told a delegation led by Mr Campbell Christie, general secretary of the Scottish Trades Union Congress.

Mr Lang yesterday again urged the local management of Caterpillar to participate in talks which Aes, the Government's conciliation service, is trying to get underway with the workers occupying the plant.

About 800 hourly-paid workers at the plant are continuing a sit-in which began in January when Caterpillar announced that the plant would be closed within about a year. They are defying both a court order to quit and the advice of their union, the Amalgamated Engineering Union.

The SDA is already a large-scale owner and leaser of factories in Scotland, and has assisted

with management buy-outs, and with company rescues and start-ups.

It has been asked to assist the Scottish Office's industry department in drawing up a profile of the plant and to try to find the plant an alternative operator. But it has made little progress since its staff cannot enter the plant while it is still occupied.

# Risk to public health from asbestos in buildings 'minimal'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE RISK to public health from asbestos fibres in buildings is "minimal", according to a Department of the Environment working party report.

Provided the materials are in a sound condition, people working in buildings containing asbestos are less at risk from them than they are from driving to work or sitting next to a smoker, it concludes.

"The person who works for 10 years in a building with 0.001 fibres per cc of asbestos might face a risk of death from that 10 year exposure of 20 per million," it says, and suggests that a 10-mile a day drive to work is at least 50 times as dangerous.

It also concludes that the risk of death from lung cancer caused by tobacco smoke is approximately 100 times greater than the risk from asbestos.

"The estimates of risks to health suggest that it is not necessary to remove asbestos materials which are in good condition," it says. Sound asbestos materials should therefore not be disturbed, although they should be monitored to make sure they remain safe.

The risk to health may be greater in buildings in which asbestos materials are damaged, deteriorating and releasing dust, and these should be treated or removed.

Now that the most dangerous types of asbestos have been banned in the UK, the greatest use of asbestos is as asbestos cement. This presents little risk to health as long as it is in good condition, says the report. But it can release fibres when it is worked on, making safety precautions necessary.

Despite its conclusions about the comparative safety of asbestos, the working party recognises that there remains considerable public anxiety over the risk to health it presents.

"Much of this anxiety is misplaced and arises from ignorance or misunderstanding of the true extent and nature of these risks," it says.

"But it is important for authorities to adopt a policy of openness concerning asbestos in their properties, as this encourages goodwill and collaboration and will enable work with asbestos to be completed with a minimum of delay."

"A policy of secrecy about work with asbestos may only serve to heighten fears and may prove counter-productive."

Report of the Joint Central and Local Government Working Party on Asbestos. The Department of the Environment, Building 3, Victoria Road, South Ruislip, Middlesex.

# Spending rise forecast by chemical industry

BY TONY JACKSON

THE CHEMICAL industry expects to increase its UK investment in real terms over the next three years but not by as much as the increased spending by industries elsewhere in the EC, says a survey from the Chemical Industries Association.

Companies expect their UK spending this year to reach £1.6bn, compared with £1.5bn last year. Over the three years 1987-1989 the figure is expected to reach £4.5bn, a level 6 per cent above the previous three years in real terms.

However, the UK's share of total spending is expected to fall from the 1986 level of 61 per cent to an average of 58 per cent in the next

three years. This mostly reflects higher European spending by companies with a small UK share, the association says, but some companies also saw the UK system of investment incentives and tax structure as inadequate.

Within the UK, a rising share of spending is planned in the south of England, although the majority will still fall in the traditional chemical areas of the north. The north-west, north-east, Midlands and Humberside, which had 59 per cent of the industry's investment last year, is expected to get a 56 per cent share in 1987-1989. Scotland, which had 12 per cent in 1986, is expected to get only 8 per cent.

# Excess Demand and the Huge Gains Made in Trading it

The world is awash with liquidity at a time when years of terminal deflationary effort has eliminated tens of thousands of farmers and hundreds of millions of workers from the economy. 8 billion flow daily into institutions which must keep buying stocks with attractive fundamentals; and five billion humans keep eating and burning commodity goods that will not be replaceable at impending reduced rates of production. So one of the new ways to make fortunes in markets is to depress cyclical stocks or commodities to below normal demand levels and use leveraged instruments to gear up the gains that develop as prices snap back up to the disorientation of trading shockwaves. Indigo Managers were playing this game recently when analysts attacked Microsoft technology as it suffered a bad quarter because of microchip-development costs and later when the coffee cartel collapsed and some US banks depressed bond and equity markets by boosting their prime grades. Snap-back action was inevitable and instantaneous and we continue to unfold the whole story in weekly "Discovery" Reports which we will be happy to send you with our compliments.

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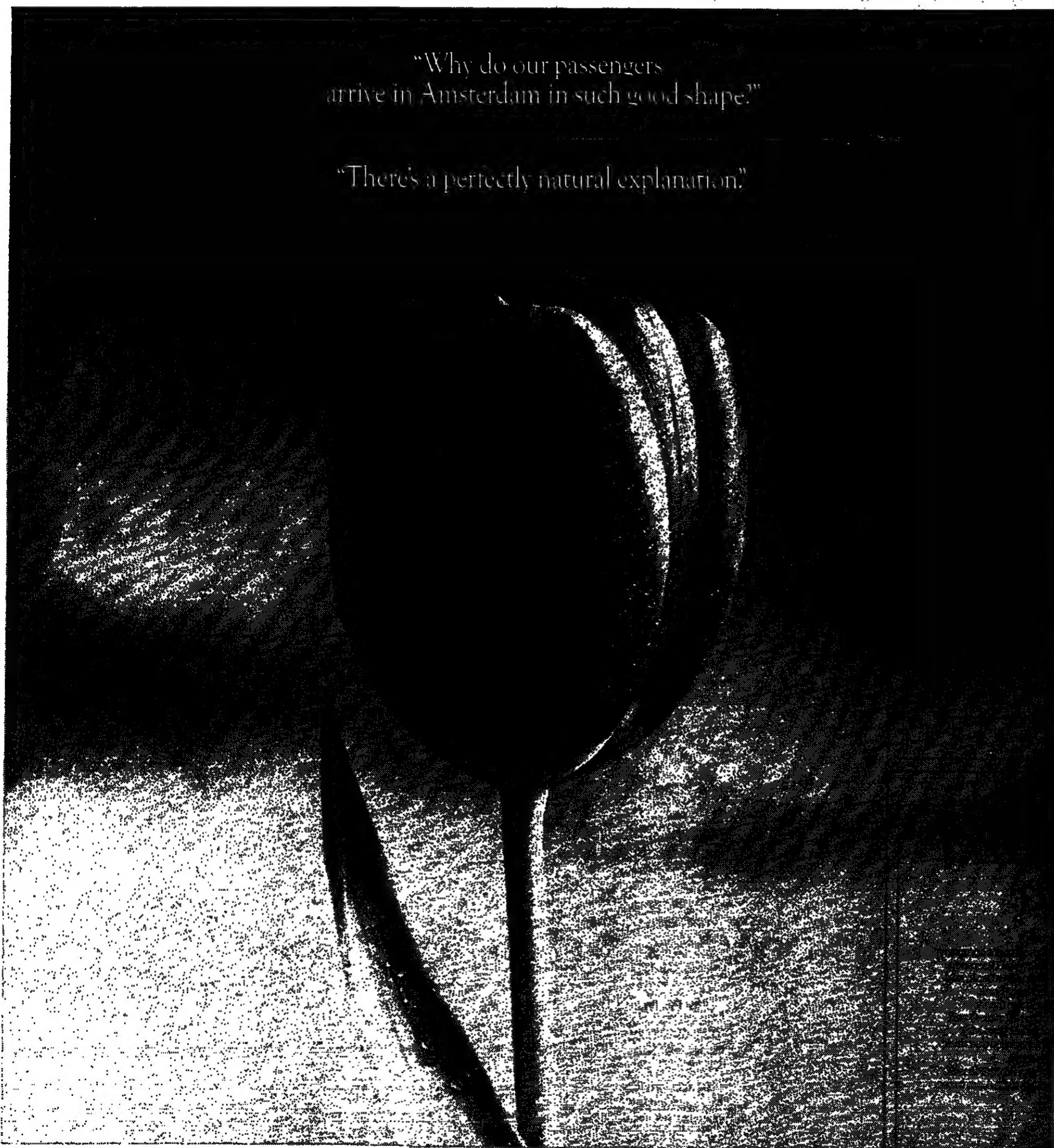
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On April 7th, Bryan Nicholson, Chairman of the Manpower Services Commission, announced the launch of the National Training Awards, under the patronage of Sir John Harvey-Jones, MBE.

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And, for industry in general, it's hoped that they will encourage others to begin, or expand, their own training programmes.

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## UK NEWS

## Shipyard unions expect job cuts

By Alan Watson

UNION LEADERS in Belfast, Northern Ireland, said yesterday they expected to be told soon of up to 700 redundancies at the state-owned Harland and Wolff shipyard.

Mr Tom Douglas, president of the Confederation of Shipbuilding and Engineering Unions, said the cuts would affect shipyard staff and others not directly involved in production. They were expected to take effect in July.

Harland and Wolff would not confirm or deny such plans, but said talks on employment levels were being held continuously with union representatives.

The Association of Professional, Executive, Clerical and Computer Staff (Apex) called for a "save our shipyard" campaign, and criticised Ulster Unionist MPs for boycotting the House of Commons "at this most critical time for Ulster's economy."

Harland and Wolff has just paid off the last of 800 employees whose redundancies were announced in November, bringing the labour force down to 4,300.

Mr Pat McCartan, Northern Ireland area secretary of Apex, said another round of redundancies raised "the grim prospect of closure within two or three years unless government and EEC policies are reversed."

Figures showing a dramatic rise in flexible forms of working - part-time work, temporary work, and self employment - since 1981, published by the Department of Employment last month, considerably overestimated the growth of temporary work, according to the department.

The department said that the estimates, which showed that the flexible workforce grew by 18 per cent between 1981 and 1985, were based on a misinterpretation of the Government's labour force survey.

The original figures in an article in the department's Gazette suggested that much of the growth in flexible forms of working was because of a 700,000 rise in temporary jobs over the four years. However, the department said yesterday that analysis of the 1983-85 period showed the number of temporary workers rose by only 70,000 jobs.

GUINNESS DIRECTOR SAYS HE WAS CRUCIAL TO SUCCESS OF BID FOR DISTILLERS

## Takeover 'justified' £5.2m fee

By Raymond Hughes, Law Courts Correspondent

MR THOMAS WARD, a director of Guinness, yesterday described in the High Court the "crucial" role he played in Guinness's successful takeover of Distillers which, he asserted, amply justified the disputed £5.2m fee he had been paid.

Mr Ward claimed that he had conceived and negotiated an unprecedented agreement with Distillers that effectively removed the risk of the bid failing.

He acknowledged that, taken out of context, the fee was "very large." But, he said, so was every aspect of the bid, which had been almost unprecedented in the history of English takeovers.

Mr Ward and Mr Ernest Saunders, Guinness's former chairman and chief executive, are resisting the company's move to have extended until the full trial, temporary orders freezing the two men's UK assets up to £5.2m, and requiring them to disclose the whereabouts of the £5.2m and to "repatriate" it.

Mr Ward claims that the money, less US taxes, is under his control in the US. Mr Saunders denies having any beneficial interest in the money.

Mr Ward said that if the bid had failed it would have cost Guinness between £25m and £100m and the loss could well have exceeded the company's profits for an entire year.

He had conceived and negotiated an unprecedented merger agree-

ment in which Distillers agreed to pay all of Guinness's costs associated with the bid.

"Based on subsequent revisions to takeover rules, I am advised that no bidding company will again experience the benefit of transferring all monetary risk of the bid to the target."

Distillers, he said, had also agreed to advance the first £25m and to support the Guinness bid. The agreement had allowed Guinness to proceed and provided a safety net that ultimately had been worth more than £100m.

Had Guinness lost the battle as a result of a reference to the Monopolies and Mergers Commission, the company would have recovered from Distillers the millions of pounds so far spent on the bid - but such a defeat would have caused Guinness enormous damage, both financially and in the loss of credibility and damage to reputation, Mr Ward said.

"My services were crucial to the success of the bid," said Mr Ward, denying a claim by Guinness that he had said at one stage that he would charge only \$250,000 for his services.

He said that Mr Olivier Roux, the former Guinness finance director, had been fully aware that Mr Ward had negotiated a fee with Mr Saunders. Mr Roux had authorised the payment of the £5.2m.

Mr Ward brushed aside Guinness's reference to the lack of any written record of the fee agreement. Mr Saunders had been the driving force behind the company; his leadership had become increasingly autocratic, and the board trusted his judgment.

No-one would have questioned Mr Saunders' authority to agree to compensation for services rendered to the company, Mr Ward contended.

"Having known Mr Saunders for a number of years I certainly had no need for any written confirmation of what I had agreed with Mr Saunders, in that I trusted him implicitly."

"Given the chief executive officer's express and apparent authority, I had no reason to question whether the agreed compensation was properly authorised and, for that reason alone, believe that I was fully entitled to receive and retain the payment."

Mr Ward said Guinness's UK court action was part of a co-ordinated, worldwide effort by the company to create the appearance of "a desperate international hunt for money alleged to have been secreted mysteriously by its American director."

Mr Ward referred to Guinness's rejection of his offer to put the £5.2m, after tax, into an escrow account pending a US arbitration over

his entitlement to it. It appeared, he said, that Guinness far preferred to demonstrate to the public and its shareholders that its new management was pursuing all claims, regardless of wisdom or cost, to demonstrate vigilance.

Mr Ward accused Guinness of forcing him to litigate in both the UK and the US, which would be logistically and financially burdensome for him. By obtaining court orders freezing the disputed money, Guinness had left him without adequate resources to contest a multinational litigation like Guinness in three separate legal jurisdictions.

That "tactic and play" had been made plain by Guinness having reneged on its contractual commitment to pay more than \$600,000 fees to his Washington law firm, Ward Lazarus Grov and Chihlar. Guinness had told a Washington court that it would not pay the fees - even at the cost of losing its claim for production of the firm's documents relating to Guinness, Mr Ward claimed.

Guinness's strategy, he said, had been expressly articulated to him by Mr Shaun Dowling, a Guinness director, who, Mr Ward claimed, had told him in January: "You cannot afford to stand up to a fight against the Guinness treasury."

Replying to Mr Ward's evidence, Mr Shaun Dowling, a Guinness director, yesterday denied having made the remark.

## Calfed to enter UK insurance market

By William Hall  
In New York

CALFED, a fast-growing California-based financial services company which owns the fourth biggest US savings and loan organisation, is moving into the London insurance market by investing \$50m (£30m) in a new wholly-owned subsidiary, Anglo-American Insurance.

The venture is part of Calfed's efforts to diversify out of its traditional mortgage lending business and to open up international markets for the company.

Although the property-casualty business has been highly cyclical in the past, Calfed says it has been studying the business for 10 years and believes it has picked the right partners and has structured its business so that it will avoid the pitfalls of some other new entrants into the London insurance market.

Walbrook Insurance, a wholly-owned subsidiary of London United Investments, will share equally in all risks, premiums and reinsurance with Anglo-American.

H.S. Weavers (Underwriting Agency), a wholly-owned subsidiary of London United Investments, a London underwriter for more than 25 years, will perform all underwriting activities for Anglo-American and Walbrook Insurance.

Anglo-American Insurance will primarily underwrite fire and natural forces, damage to property, motor vehicle liability and general liability, and will generally not participate on business underwritten in the traditional aviation and marine markets.

It believes that more than half of its business will be in the US with the balance diversified around the world.

Mr George Rutland, chief executive of Calfed, will be chief executive of the venture and Mr Peter S. Wilson, deputy chairman of London United, will be managing director.

Prince Michael of Kent, Sir Denis Marshall, a former president of the Law Society, and several senior executives of London United Investments and H.S. Weavers (Underwriting Agency), Calfed's London partners, will also sit on the board of Anglo-American, which will have its headquarters in the City of London.

## NUM executive blocks Scargill-backed ballot

By Charles Leadbeater, Labour Staff

THE NATIONAL UNION OF Mineworkers' executive yesterday blocked a move supported by Mr Arthur Scargill, the union's president, to call a special conference immediately and a national ballot on British Coal's plan for far-reaching changes to working practices, including the introduction of flexible shifts.

Instead, the union's response will be decided by this year's national conference in 12 weeks' time.

The conference, at Rotherham, in Scotland, will debate all elements of British coal strategy to modernise production. The strategy includes the introduction of more new technology coal faces, flexible shift patterns, revised bonus schemes, and other changes to working practices.

The conference debate will centre on a resolution from the Midlands area of the union, which calls for total opposition to proposals to change shift patterns. The motion calls on the union to explore ways of introducing a shorter working week to protect mining jobs from rapid rises in productivity. Mr Scargill indicated that he supported the motion.

However, it is unclear how the resolution would affect the decision of the South Wales NUM to accept the concept of six-day production at the drift mine at Marmarth. It is

thought the South Wales leadership would want to press ahead with the development, in spite of conference support for the Midlands motion.

Some moderate members of the executive believe the South Wales area would review its relationship, including the possibility of leaving the union, should the national leadership attempt to tie the area's hands over Marmarth.

Mr Des Duffield, the South Wales president, said after the lengthy executive meeting that the union's rules could produce a farcical situation at Marmarth.

The union's executive is to seek a meeting with British Coal. A full report on the potential effects of British Coal strategy throughout the coalfields will be put to the executive to allow it to make decisions which would guide the conference.

A move for a special delegate conference to discuss industrial action over the five-month delay in negotiations on the NUM's 1986 wage claim was heavily defeated, according to executive members. The union will seek a further meeting with British Coal to try and agree a conciliation procedure. Failure to agree on conciliation machinery, which would determine how many miners the NUM can negotiate for, has delayed wage talks.

## Warning by Tory peers on national radio plan

By Ivor Owen

A NATIONAL commercial radio station in Britain would be likely to put a number of existing independent local stations out of business, the Government has been warned by Conservative peers.

Speaking in the House of Lords yesterday, Lord Butterworth, said a national commercial station would result in the existing independent stations suffering a "very severe reduction" in their advertising revenue.

While some of the larger independent stations would be able to re-occupy, by bidding for the franchise of the new national commercial station, many of the smaller stations providing valuable local services were convinced that "if the national commercial station goes ahead they will face bankruptcy."

Lord Nugent said that some independent local radio stations were

already experiencing financial difficulties through not being able to secure sufficient advertising revenue, and if it were to be "spread more thinly" some of them would be put out of existence.

Lord Beaverbrook, replying for the Government, said a new national independent radio station would improve the whole industry.

It was the Government's intention, he said, to increase the number of viable radio stations not to decrease it.

Lord Beaverbrook said some of the proposals in the consultative paper published by the Government would help the existing independent stations by raising the profile of radio as an advertising medium. He confirmed that the consultation period would end on June 30, and said the Government would announce its proposals as soon as possible.



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FINANCIAL TIMES CONFERENCES

# WORLD TEXTILES INTO THE 1990s

LONDON, 11 & 12 May 1987

The textile and clothing industries of the world, having emerged from the worst recession in living memory, are poised for great advances as they approach the last decade of the century. It is to analyse the issues facing the industries and the great changes ahead that the Financial Times has joined forces with The Textile Institute to hold a conference on World Textiles into the 1990s.

The conference will take as its starting point the question of protectionism, since the shape of the industry will be determined by it. It will go on to analyse the issues and topics from the standpoint of the producer in the low-cost country as well as in the US and Europe. It will take the debate through to the retailer, the point where the consumer meets the decisions reached through the whole chain of production.

Speakers will include:

**Mr Norman Sussman, CBE**  
British Clothing Industry Association

**Professor Aubrey Silberston**  
Imperial College of Science & Technology

**Mr Jean-Pierre Long**  
Directorate General of External Relations  
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**Mr Karl G Engels**  
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**Mr Josef R Hutter**  
The Enka Group

**Mr Harry Leach**  
British Textile Confederation

**Mr Jerome E Link**  
Celanese Corporation

**Miss Jean Muir, CBE**  
Jean Muir Limited

**Mr Peter Pereira**  
International Institute for Cotton

**Mr Robert Franck**  
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Union des Industries Textiles

## WORLD TEXTILES INTO THE 1990s

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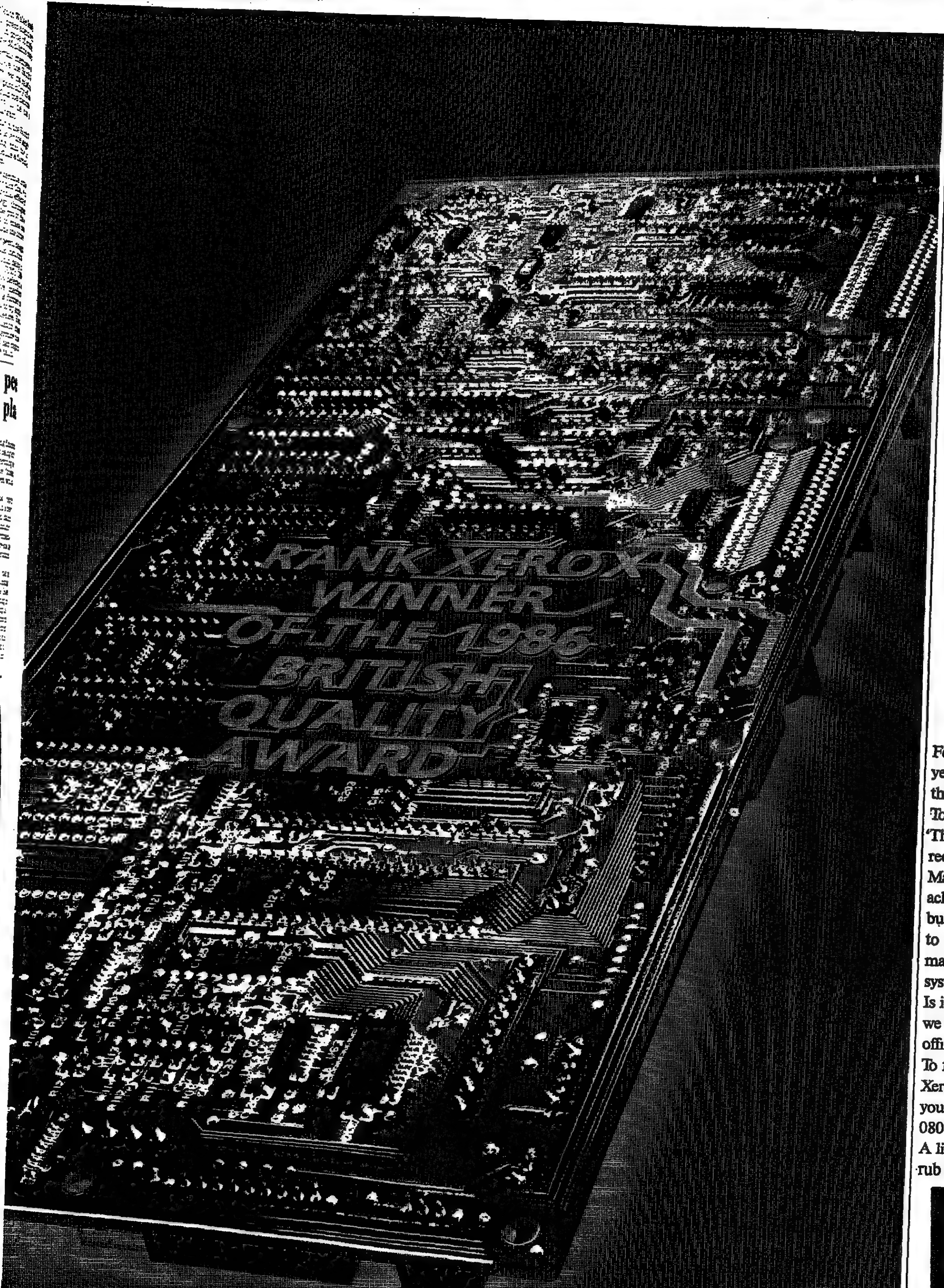
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Central Jobfinder, a 60-minute daily service of job vacancies and news to help jobhunters has been followed by Yorkshire Jobfinder. It's a unique part of independent Television's regional service to the community.



CENTRAL



## UK NEWS

### Two airlines to compete at docks airport

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO UK airlines are to be allowed to compete on international air routes from London City Stn airport (designed for short take-off and landing aircraft), which will open in the Docklands area in October.

This follows a decision yesterday by the Civil Aviation Authority to grant both airlines - Brynmor Airways, in which British Airways has a major shareholding, and Eurocity Express, part of the British Midland group - every route licence each asked for at a bitterly fought hearing in London earlier this year.

As a result, Brynmor and Eurocity Express will be able to compete on the lucrative routes between the London City Stn airport and Amsterdam, Brussels and Paris.

In addition, Brynmor will be able to fly to Plymouth and Newquay, while Eurocity Express will fly to Garmersay, Jersey, Manchester, Düsseldorf and Rotterdam.

Both airlines will be required to use the quiet Dash Seven four-engine turbo-prop aircraft built by de Havilland Aircraft Company of Canada, which Brynmor already uses on its existing routes.

Eurocity has taken delivery of

two leased Dash Sevens, with two more on the way.

The new airport, being built on derelict land between the Royal Albert and King George V docks, is a private venture by John Mowlem, the construction engineers.

Announcing its decision yesterday, the Civil Aviation Authority said it believed this would not only increase competition on international air routes, but would also generate greater frequency of services, greater seating capacity and better seat availability.

These, in turn, will provide real benefits for users of the services as well as contributing to the more rapid development of the market as a whole.

The authority added that in the light of environmental objections, it had made it a condition of the licences that operators must conform with the local planning regulations in force at the London City Stn airport.

This means that suggestions by Eurocity Express that it might change over at a later stage from quiet turbo-prop Dash Sevens to the four-engine Type 146 jet aircraft may be blocked if environmental objections are too strong.

### Finance Bill worries pensions industry

By Eric Short

THE PENSIONS industry is worried by the lack of detail in this year's Finance Bill on the practical effect of the radical changes in pensions unveiled in last month's budget.

Mr Nigel Lawson, Chancellor of the Exchequer, wanted to encourage employees to make their own pension provision through personal pensions or through their own additional voluntary contribution (AVC) schemes.

He also asked to curb what the Inland Revenue considers to be excessive exploitation of pension scheme tax benefits, particularly of the tax-free lump sum.

The measures propose to curb artificial inflation of earnings counting toward pensions, lengthening the qualifying period necessary to be eligible for maximum benefits and imposing an overall limit of £150,000 on lump sums.

The measures are to apply to new schemes and to new employees joining existing schemes. However, the Finance Bill, published this week, does not define either a new scheme or a new employee, thus leaving the questions of many employees unanswered.

Pension fund administrators and managers have had to put a number of their planned pension developments on ice.

For some employees, for example, promotion to executive status is accompanied by a transfer from the main pension scheme to an executive scheme. If such a transfer were to count under the clampdown, many employees may object to being moved.

One pension manager has reported that for an AVC scheme arranged from the beginning of the financial year, first contributions are due to be deducted from salary later this month. The local tax inspector was unable to clarify whether this scheme comes within the new rules.

The Inland Revenue says it is aware of the problem and the urgent need to resolve these questions. But it considers it paramount to get the system right to ensure a smooth transition.

It is consulting leaders in the pensions industry and expects to set out details simplifying the ultimate Finance Act in the usual joint memoranda from the Superannuation Funds Office of the Inland Revenue and the Occupational Pensions Board.

Meanwhile, the Institute of Directors has called on the Chancellor to rethink his plans to curb lump-sum payments. It says that they will put "golden handshakes" on employees at all levels, and gives a warning that the proposals would make workers, particularly in their forties and fifties, reluctant to change jobs.

### VW-Audi to push spares

By Kenneth Gooding

THE Volkswagen-Audi car importer in the UK is to start a programme to clear back some of the 5000 of spare parts business lost to non-franchised outlets.

If the scheme is successful, the West German group might extend it to Belgium, Luxembourg, France and Sweden.

Mr David Carter, parts and service director for VAG (UK), the Lorch subsidiary which imports VW and Audi cars to Britain, believes the programme can also help the company's 350 dealers to counteract the widespread view that all franchised dealers are expensive and offer poor value.

The first products will be priced competitively against other brand leaders, and VW-Audi will also offer the bonus of a "lifetime" guarantee.

Mr Carter said yesterday that both VAG (UK) and the dealers would be cutting profit margins on the products, but the extra volume that should be generated would compensate.

### Government supports share ownership plan

By Philip Barnett, Labour Editor

THE GOVERNMENT yesterday gave support to the development of employee share ownership plans (ESOPs) as a further method of increasing employee involvement.

Mr Kenneth Clarke, Paymaster General, urged other UK companies to follow the example set by Roadchef, the motorway services company, which is operating the first ESOP in Britain.

He told a conference on the schemes, which are US-style stock ownership plans structured for the UK tax and legislative systems. "We need to do away once and for all with old-fashioned 'them and us' attitudes in industry. Successful companies in a modern economy need to involve their employees - in consult and co-operate, not confront."

Mr Clarke told the conference in London, organised by the Industrial Society, the Unity Trust trade union bank and the New Statesman mag-

azine, that ESOPs were particularly relevant to smaller businesses which were finding it difficult to share ownership with their employees.

He said that most employers allowed no ownership role for employees, but added: "I believe that this will change with the realisation that employee ownership - by rewarding people through a stake in the success of their company - makes for successful companies."

Mr Clarke set ESOPs firmly in the context of other moves by the Government, such as wider share ownership and profit-related pay. He gave special mention to co-operatives, provided they were rooted in the market, were competitive and innovative and were unlike the uncommercial co-operatives set up with the help of the Labour government in the 1970s.

### Oil companies in joint venture

By Lucy Kellaway

TAYLOR WOODROW Offshore and Kellogg Offshore have formed a joint venture company to strengthen their competitive position on the world offshore oil and gas market.

The move is the latest in a series of new groupings within the industry, prompted partly by the recession in the offshore market over the past year. In the past nine months, companies such as Ferranti, Brown and Root have set up joint ventures with other companies in the UK to broaden their range.

The new partnership will be called Trywood Kellogg. It will offer a complete engineering service for offshore developments.

Mr Alick Buchanan-Smith, Energy minister, said at the venture's launch: "This partnership marks yet another landmark in offshore engineering and design joint ventures."

Taylor Woodrow will own 60 per cent of the new group which, Mr Buchanan-Smith said, showed "a continuing strong UK commitment to the concept of joint ventures." The partnership, he said, "will be better able to compete in overseas markets and this is bound to enhance UK export capability."

### Bain Dawes in £43m purchase

By Nick Barker

BAIN DAWES, the insurance broker, has completed its £43m purchase of Clarkson Puckle, another Lloyd's broker, in a move that has created what is thought to be the world's eleventh or twelfth biggest insurance broking group.

The new company formed by the merger will be called Bain Clarkson. Its gross income this year is expected to be about £55m, Mr Simon Arnold, Bain Clarkson's chairman, said.

Mr Arnold said Clarkson Puckle was "the outstanding marriage partner" at a time when Bain Dawes had decided it needed to grow by acquisition to compete with other major brokers.

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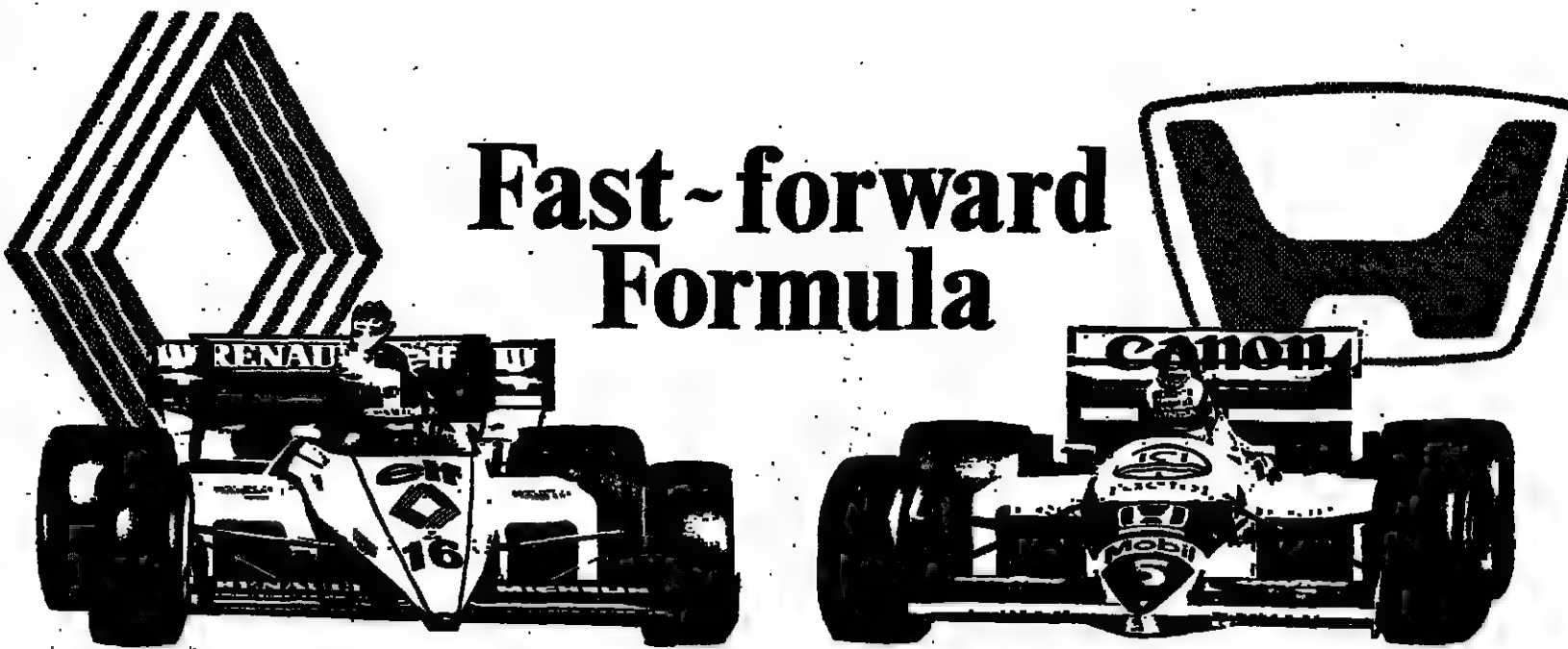
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## TECHNOLOGY

The Formula One racing season begins in Brazil on Sunday. Paul Betts in Paris and Ian Rodger in Tokyo look at how two of the world's leading car makers have reaped engineering and marketing rewards from their racing involvement.



## Fast-forward Formula

UNLIKE the famous Edith Piaf song, there are still some deep regrets at Renault over the French state car group's decision to abandon Formula One motor racing. In an effort to underline his commitment to restructuring the troubled car group, Mr Georges Besse, the late Renault chairman killed by terrorists last November, decided to scrap Renault's Formula One team in 1985 and to stop supplying Renault engines to other motor racing teams at the beginning of this year.

For Alain Dubois-Dumée, a Renault official who has followed closely the group's adventure in Formula One racing, the decision was probably the right one given Renault's huge financial and industrial problems, although it came initially as a big shock to company personnel. Moreover, the new Formula One rules had already started threatening the future of turbo-charged cars which Renault pioneered in grand prix racing.

"The regulations would have forced us to develop a new generation of engines. It would have cost us between FFr 600m and FFr 800m (\$81m-\$101m) to continue racing over the next three or four years," says Mr Dubois-Dumée. And Renault with record losses of FFr 12.55bn in 1984 and a deficit of FFr 10.8bn in 1985 could ill afford to spend that sort of money on motor racing.

But the group's experience in Formula One has been valuable, says Dubois-Dumée. "You could call motor racing an accelerator of creativity and development for a volume car producer like ourselves. Even though there are not always immediate applications between grand prix machines and consumer cars off the assembly line, racing creates a cultural movement inside a company and motivates people."

More than a year after its factory team's withdrawal from the grand prix arena, Renault is still reaping some of the more practical spin-offs from its racing experience. The 80 mechanics and technicians who worked specifically on Renault's Formula One effort have been assigned to the company's research and development department to help design and bring out new, faster, more powerful engines to extend the offerings in the company's passenger car range.

And the Formula One venture helped Renault share all to put its turbo engine technology on the world map at the same time as boosting the French company's efforts to develop what is today one of the most complete ranges of turbo petrol and diesel-engined passenger cars. "The success

of the turbo in Formula One clearly fed across to our assembly line operations and gave our volume production of turbo charged cars a major shot in the arm," explains Dubois-Dumée.

Renault took a major risk when it brought out for the first time a turbocharged Formula One car at Silverstone in 1977. It was the only turbo on the track. Six years later, at Silverstone again, every car was a turbo. "For us that was the real victory, since we had won our technological bet," says Dubois-Dumée. Although Renault never won the world championship, its own Formula One team won 15 grands prix.

Formula One also helped the company learn a number of lessons on components, tyres and engine performance for volume car production. Obviously the criteria applied for a Formula One car and a product off the assembly line are widely different. For example the shell of a grand prix car costs as much as FFr 300,000 (\$31,000) compared with only about FFr 7,000 for a small passenger car, according to Renault. Materials and components are often not the same, since the approach to cost is completely different.

"In motor racing cost is really no object, whereas in volume production it is a crucial element," says Dubois-Dumée. Nonetheless, motor racing helped Renault to learn more about engine performance, about weight and road control, as well as car electronics, water injection for turbos and other liquids. "It also helped us work on reducing the size of the turbo itself for our volume production," adds Dubois-Dumée. "Remember too that the widespread application of disc brakes was the direct result of motor racing."

In the same way as Formula One has played a significant role in Renault's technological development, the private French Peugeot group also claims to have made important technological gains from its recent, highly successful experience in world championship rally competitions. The victories of the Peugeot 205 Turbo 16 in the world championship rallies for two consecutive years and Peugeot's success in the Paris-Dakar rally at the beginning of this year have played a major part in boosting the image and sales of the 205 supermini and its speedy GTI version.

Peugeot approached the

racing scene in a very systematic fashion. "From the beginning we felt that if racing was to provide benefits for the group it was necessary that our overall technical department and services were intricately involved in the conception of the basic model," explains Mr Michel Durin, technical director of the Peugeot group. However, once the basic car was conceived, it was handed over to the Peugeot racing team run by Jean Todt. He managed and fine-tuned the development of the car.

Durin says the rally experience has helped the group gain new know-how in all its technical departments, enabling it to test the reaction of components, materials and engines pushed to their limit. The 205 rally car enabled Peugeot to improve, among other key components, gearbox technology. It also helped the company learn about aerodynamics and weight, experiment with the use of plastics and discover problems with the use of some materials in specific functions like carbon brakes, which are very sensitive to surface corrosion and require very high temperatures to operate effectively.

For Peugeot, which is now leading a European Suzuki FFr

417m project to design and build a car using entirely new materials, the rally experience has been so fruitful that the group is now seriously contemplating returning to Formula One racing. A decision on its eventual return to grand prix racing is expected to be taken soon.

It could well be helped to make up its mind by the experience of Honda of Japan. Japanese manufacturers can often be found pursuing strategies directly contrary to those of their Western competitors. And, more often than not, their strategies turn out to be the better ones.

The latest instance of this independent thinking is the growing commitment by Honda, the aggressive automotive group, to Formula One racing.

At a time when Renault has decided to withdraw from racing, and other companies, including BMW and Ford, are trimming their grand prix efforts, the Japanese company is raising its racing profile.

This year, it is supplying engines to two teams instead of one. It will remain with Ayrton Senna's Williams Grand Prix Engineering Group, with which it has been associated for the

last three years and with which it won the constructor's championship last year. But it will also take Renault's place supplying engines to Team Lotus International, also of the UK.

This sort of commitment does not come cheaply. Honda officials are guarded about the total cost of their racing programme, but suggest that it costs between ¥5bn (£21m) and ¥10bn a year to support one team, and an additional 30 per cent for the second team.

It remains to be seen whether Honda will prove to be right and its competitors wrong, but the Japanese company appears to have no doubts. The benefits from racing, it says, are substantial and come in three areas—technology, management and publicity.

Of these, technology remains the most important, in Honda's view. "The history of the automobile is the history of racing," says Yoshinori Sakurai, director of the company's racing programme. "Any technology that emerges in the development of racing cars tends to turn up in commercial cars within 10 years," he states.

"In the future, I think the lag will be shorter, perhaps only five years."

Although Honda has only recently achieved dramatic success in Formula One, its experience in the sport is substantial. The company started racing in the early 1960s when it was mainly a motorcycle manufacturer and was just beginning to make cars. It decided then that the best way to learn about car engineering was to enter grand prix motor racing.

Over the period of four years, the company won only a couple of races, but it learned a great deal. "We could see the rapid advance of technology, and we learned that in racing you could not cheat on anything. It helped us develop good engineers," says Mr Sakurai.

But in 1988, Honda withdrew from racing, it says, to concentrate its resources on solving engine emission problems on ordinary cars. It returned in 1979, starting modestly in Formula Two and graduating to Formula One in 1984 when it joined forces with the Williams team.

Honda says technological benefits emerge from Formula One racing because the racing authorities continue to tighten the regulations on car equipment. This forces manufacturers to innovate to maintain and, if possible, improve performance.

For example, rules reducing the maximum allowed fuel supply have forced engine manufacturers to make more efficient engines. Currently, the emphasis is on restricting the amount of turbocharging allowed, forcing makers to seek other means of achieving high performance.

While there is unlikely ever to be any demand for 1,000 hp high-performance engines for commercial cars, Mr Sakurai says, these engines are the cores from which commercial models are developed.

One area of likely technological transfer, for instance, is the use of electronics to monitor engine performance and report it to both the driver and car mechanics. This is now a highly active area in Formula One cars, with new technology being introduced regularly.

Formula One cars are living creatures these days, says Mr Sakurai. "When we started, we tended to put a lot of emphasis on driver comments. Now, we are more interested in analysing the data we can collect."

Honda believes it has surged ahead in the racing field partly by developing new engines to meet the new requirements, rather than modifying old ones. Even so, Mr Sakurai estimates the company's technological lead over its rivals is only a matter of three months or so, and there-

fore the company has to maintain its effort.

"We put new technology into our engines for each race. It is risky, but we have to do it."

This is one reason Honda has started to work with a second team. "We have a good understanding with Williams, but they are losing their enthusiasm for new challenges. To enhance the stimulus to ourselves, we decided to work with a second team," says Mr Sakurai.

Internally, Honda tries to keep fresh by rotating the members of its engineering teams every three years. This also provides good experience for engineers. "The racing environment teaches them that they cannot run away from problems," Mr Sakurai states. As for the more general impact on company management, Honda believes that racing provides a boost to company morale and stimulates the competitiveness of all managers. Officials like to say that the company has a "racing spirit" in everything it does. Certainly its performance lately has been better than most. Despite a flat world market last year, Honda's worldwide automobile sales rose 14 per cent and the company is seeking a further 8 per cent growth this year.

The racing theme also helps differentiate the company from other Japanese motor manufacturers, none of which participate in Formula One racing. For example, Mr Sakurai cannot resist making a jibe about Toyota. "If a company wants to accumulate money, that is OK. But in Japan, Honda is a special case. Our target is a dream—developing technology and selling dreams to people."

The publicity spin-off from racing is difficult to quantify, Honda believes it is more than coincidental that its car sales in Europe rose significantly last year when the Williams team won the constructor's championship.

The group's unit car sales in the first 10 months of the year were up 28.9 per cent in West Germany, 11.4 per cent in the UK and 26.5 per cent in the Netherlands. "We are getting better publicity than we expected," says Mr Sakurai.

## PROJECT TRIDENT

THE TRIDENT TRUST ROBERT HYDE HOUSE  
48 BRANSTON SQUARE LONDON W1N 7LN  
TELEPHONE 01-723 3281

Dear Chief Executive.

At Project Trident we are dedicated to bring about closer links between industry and education. Only in this way can we give the younger generation the best possible start in life, by encouraging pride in work, a strong sense of community responsibility and self-confidence.

Staffed by secondees from industry and by local education employees, Project Trident has three areas of involvement:—

- Organising work experience schemes;
- Encouraging participation in community projects;
- Developing physical and intellectual qualities by providing opportunities for personal challenge.

Currently we operate from 40 centres in the United Kingdom and are helping over 50,000 young people a year.

Project Trident is supported by many of the Financial Times' Top 1,000 Companies, who provide directors by secondment or sponsorship to organise work experience and other schemes; and who give financial backing. Secondment provides an excellent development opportunity for young managers and, for the older manager approaching retirement, a rewarding transition at no extra cost to his company.

We urgently need more companies to help us by:—

- Seconding managers to act as Project Directors;
- Sponsoring directors recruited by Project Trident;
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Please support us; the need is great. Only by helping each other can we help ourselves. Please contact me or Keith Dexter, our director, so that we can tell you more.

Your sincerely,

*Bill Ramm* OBE

Chairman

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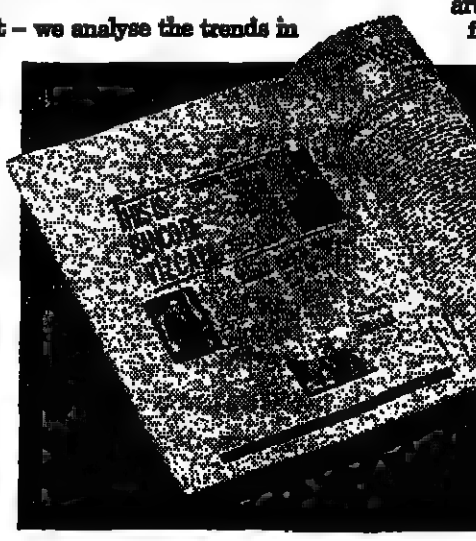
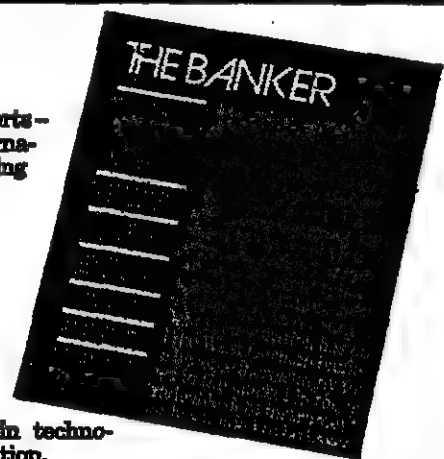
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## Company Notices


**N.V. GEMEENSCHAPPELIJK  
BEZIT VAN AANDEELEN  
PHILIPS' GLOEILAMPENFABRIEKEN**

(Philips' Lamps Holding)  
Eindhoven, The Netherlands

At the Ordinary General Meeting of Shareholders held on 8th April 1987, a total dividend in cash for the year 1986 has been declared of 2.00 Netherlands Guilders per ordinary share of 10 guilders nominal value. After giving effect to the interim dividend of 0.60 guilders previously declared and paid in January 1987, a final dividend for the year 1986 amounting to 1.40 guilders will become payable.

The above-mentioned final dividend of 1.40 guilders per share will be payable as of 22nd April 1987.

Payment of the net amount on UK-CF certificates will be made by the company's paying agent, Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX to the UK-CF depositaries in accordance with their positions in the books of CF Amsterdam on 8th April 1987, at the close of business.

Holders of UK-CF certificates are reminded that such payment is subject to deduction of 25 per cent Netherlands Withholding Tax. This 25 per cent may however, be reduced to 15 per cent, when payment is made to residents of the United Kingdom or to residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Western Germany, Ireland, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, South Africa, Spain, Sweden and the United States of America, who deliver through the UK-CF depositary the appropriate Tax Declarations to the company's agent Hill Samuel & Co. Limited. The Netherlands Withholding Tax may be reduced to 20 per cent when payment is made to residents of Indonesia who deliver the appropriate Tax Declaration in the above-mentioned way.

Payment of the net guildler amount of dividend will be made by Hill Samuel & Co. Limited, in sterling at the rate of exchange ruling on 22nd April 1987, unless payment in guilders on an account with a bank in the Netherlands is requested no later than 18th April 1987.

Eindhoven, 10th April 1987.  
The Board of Governors.

**PHILIPS**

**NOTICE TO THE HOLDERS OF  
TATEHO CHEMICAL  
IND CO. LTD.**

Whereas to subscribe for shares of Common Stock of Tateho Chemical Industries Co. Ltd. issued in conjunction with an issue of US\$30,000,000 4 1/2% Notes due 1987.

Pursuant to the agreement dated 8th February 1986 under which the above Warrants were issued, notice is hereby given as follows:

1. On 15th March 1987 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of 15th March 1987 (Japan time) at the rate of 15 shares for 100 shares held.

2. Accordingly the adjusted Subscription Price per share of the above-mentioned warrants will be Yen 2,355.70 per share of Common Stock, with effect from 1st April 1987 (Japan time).

TATEHO CHEMICAL INDUSTRIES CO. LTD.  
By: The Taiyo Kobe Bank Ltd  
Principal Paying Agent  
Dated: 10th April 1987

**Asian  
Development  
Bank**  
10 1/4 per cent  
Loan Stock 2009

S.G. Warburg & Co. Ltd. announces on behalf of Asian Development Bank that in the six months preceding 24th March 1987, none of the above Loan Stock was cancelled pursuant to the provisions of the Purchase Fund relating to the above Loan Stock in respect of the twelve months purchase period ending on 28th February 1987. As at 24th March 1987, 458,500,000 nominal amount of the above Loan Stock was outstanding.

S. G. Warburg & Co. Ltd.  
Purchase Agent  
10th April 1987

**BANQUE INTERNATIONALE  
POUR L'AFRIQUE  
OCIDENTALE**  
US\$ 30,000,000  
Floating Rate Notes 1982/1988

The rate of interest applicable to the interest period from 9th April 1987 up to 9th October 1987 is determined by the Reference Agent in 6 1/2 US\$35.27 per note of US\$1,000.

Malaysia  
US\$30,000,000 due 1988  
Floating Rate Notes due 1988  
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest applicable to the interest period from 9th April 1987 up to 9th October 1987 is determined by the Reference Agent in 6 1/2 US\$35.27 per note of US\$1,000.

SWISS BANK CORPORATION  
International Limited  
Reference Agent

## FT LAW REPORTS

# Preferential shareholders lose Fraser shares

HOUSE OF LORDS (Lord Keith of Kinkaid, Lord Fraser of Tullybelton, Lord Brandon of Oakbrook, Lord Griffiths and Lord Ackner): April 8 1987.

REDUCTION of capital by cancellation of preference shares, carried out in accordance with the articles of association, is not invalidated by failure to comply with a provision that preference shareholders are entitled to vote on variation of their rights, in that cancellation of shares involves cancellation of rights, leaving no rights capable of variation.

The House of Lords so held when dismissing an appeal by ACCE Investments Ltd and others, preferential shareholders in the House of Fraser plc, from an interlocutor of the Second Division of the Inner House of the Court of Session, arising out of a petition by Fraser for confirmation of reduction of capital.

LORD KEITH said Fraser petitioned for confirmation of a reduction of capital which involved paying off the whole preference share capital of the company as being in excess of its wants.

The reduction was accomplished by special resolution passed at an extraordinary general meeting attended by ordinary shareholders only. No share meetings of preference shareholders were held to approve or disapprove the reduction.

ACCE maintained that that failure was in contravention of their rights under the articles of association, and that confirmation of the reduction should be refused. The Second Division confirmed the reduction.

ACCE were holders of 97,938 of the 5.25 per cent cumulative preference shares, in the manner of the articles of association, these, together with another class, were referred to collectively as "the second preference shares." All the issued ordinary and deferred shares were held by Fraser.

Article 4 of the articles of association provided that second preference shares should carry certain rights and privileges, and be subject to certain restrictions and limitations.

Article 4 (B) (c) provided that on a return of capital "on a winding up or otherwise,"

assets available for distribution should be applied to the second preference shares in priority to other classes of shares.

Article 4 (B) (d) provided that the sum payable in respect of the second preference shares on a return of capital "or otherwise" should be certified by the company's auditors according to formula.

Article 4 (B) (f) provided that the holders of second preference shares were entitled to receive notice of general meetings, but were not entitled to attend or vote unless "the business of the meeting includes the consideration of a resolution... (b) varying the rights of privileges of the holders..."

Article 12, headed Variation of Rights provided that special rights attached to any class "may" be modified, commuted, affected or dealt with by agreement between the company and any person purporting to contract on behalf of that class.

Article 14 (D) provided that the company might by special resolution reduce its share capital in any manner authorised by the companies Acts.

The company's auditors certified a sum applying the article 4 (B) (d) formula, and the reduction of capital provided for second preference shareholders to be repaid at par and "commuted" and "affected" in article 12 were apt to describe a situation where the rights of second preference shareholders were converted into a right to receive payment of a capital sum.

The question on the present appeal was whether the proposed reduction of capital accorded with the rights conferred on the second preference shareholders by the articles of association, in particular article 4 (B).

In re Solidum Steels Co Ltd [1986] 1 WLR 1444 the articles of association required the consent of a class meeting to any proposal to "affect, modify deal with or abrogate in any manner" the rights and privileges of that class. The company proposed to reduce its share capital by paying off its preference shareholders. They opposed the reduction on the ground that no separate class meeting had been held.

Mr Justice Buckley said "The liability to prior repayment on a reduction of capital, corresponding to their right to a winding up, is part of the bargain between the shareholders and forms an integral part of the definition or delimitation of the bundle of rights which make up a preferred share. Giving effect to it does not involve the variation or abrogation of any right attached to such a share."

That was correct, Mr Justice

**BENETTON  
GROUP SpA**

a company with registered office in Portofino Veneto (TV), Italy, Via Roma, 143; a paid-in capital of Lit. 71,200,000,000; registered at No. 4424 of the Companies Section of the Court of Treviso.

**NOTICE OF GENERAL MEETING OF SHAREHOLDERS**  
Shareholders are hereby convened to attend an ordinary and extraordinary General Meeting of shareholders on 27th April 1987, at 10.00 AM in Treviso, Italy, Piazza della Borsa, 3 (first call), and, if needed, on 28th April 1987, same time and place (second call), in order to discuss and vote upon the following items on the agenda:

- Ordinary General Meeting
- Report of the Board of Directors and of the Statutory Board of Auditors;
- Accounts for the year ended 31st December, 1986;
- Appointment of the Statutory Board of Auditors, election of its chairman, and fixing of the Auditors' emoluments;
- Fixing of remuneration for the Board of Directors;
- Integration of the resolution whereby Arthur Andersen & Co. s.a.s. was appointed as independent auditors;
- Miscellaneous.

Extraordinary General Meeting

- Increase in capital by an issue of bonus shares, and amendment of Art. 5 of the Articles of Association;
- Change of the registered office, and amendment of Art. 2 of the Articles of Association.

To attend the General Meeting, shareholders must, at least five days prior to the date fixed for the meeting, lodge their share certificates at the offices of the Company or with one of the following institutions:

Monte Titoli S.p.A., Banca Commerciale Italiana, Banca Nazionale del Lavoro, Credito Italiano, Banco di Roma, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco di Napoli, Banco di Sicilia, Cassa di Risparmio delle Provincie Lombarde, Banco di Santo Spirito, Istituto Bancario Italiano, Banca Popolare di Novara, Banca Nazionale dell'Agricoltura, Banca d'America e d'Italia, Nuovo Banco Ambrosiano, Credito Romagnolo, Banca Popolare di Verona, Banca di Trento e Bolzano, Banca Manassero & C. S.p.A., Banca Cattolica del Veneto, Credito Milanese, Banca Popolare di Padova-Treviso-Rovigo, Banca Popolare di Portofino, Banca Antoniana di Padova e Trieste, Banca Popolare di Asolo e Montebelluna, Morgan Guaranty Trust Company, Deutsche Bank A.G., Barclays Bank PLC, Société Générale, Banca della Svizzera Italiana.

On behalf of the Board of Directors  
The Chairman  
Giovanni Benetton

**QUEENSLAND COAL FINANCE LIMITED**  
U.S. \$46,000,000 Floating Rate Notes due 1996

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of clause 5(b) of the terms and conditions of the Notes, \$1,000,000 in aggregate principal amount of the above captioned Notes will be redeemed on 15th July 1987 at the principal amount thereof together with accrued interest thereon to said redemption date. The aggregate principal amount of the Notes outstanding on and after the redemption date will be \$35,700,000.

The market numbers of the Notes to be redeemed are as follows:

Market Number	Principal Amount (\$)	Interest Rate (%)	Redemption Date
100000	1,000,000	6.75	15/7/87
100001	1,000,000	6.75	15/7/87
100002	1,000,000	6.75	15/7/87
100003	1,000,000	6.75	15/7/87
100004	1,000,000	6.75	15/7/87
100005	1,000,000	6.75	15/7/87
100006	1,000,000	6.75	15/7/87
100007	1,000,000	6.75	15/7/87
100008	1,000,000	6.75	15/7/87
100009	1,000,000	6.75	15/7/87
100010	1,000,000	6.75	15/7/87
100011	1,000,000	6.75	15/7/87
100012	1,000,000	6.75	15/7/87
100013	1,000,000	6.75	15/7/87
100014	1,000,000	6.75	15/7/87
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100097	1,000,000	6.75	15/7/87
100098	1,000,000	6.75	15/7/87
100099	1,000,000	6.75	15/7/87
100100	1,000,000	6.75	15/7/87

The above Notes selected were drawn individually by lot in the presence of a notary public.

Interest on said Notes to be redeemed shall accrue to the redemption date and on said date the redemption price will become due and payable on each of said Notes called for redemption. Payment of the Notes to be redeemed will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto including subsequent to the redemption date, at the office of BankAmerica Trust Company of New York, 80 Broad Street, New York, New York 10004, U.S.A., Attn: Debt Securities Processing, 21st Floor, or at the option of the holder, at Bank of America NT and SA, St. George's Building, 21st Floor, Broad Street, Hong Kong, or Bank of America NT and SA, 50 Cannon Street, London EC4A 3DF, England, Attn: John Hopper, Settlement Dept., or Bank of America NT and SA, Bleichweg 15, CH 8002, Zurich, Switzerland, or Banque Internationale a Luxembourg, S.A., 2 Boulevard Royal, 2000 Luxembourg.

Coupons which shall mature on or before said redemption date should be detached and surrendered for payment in the usual manner.

QUEENSLAND COAL FINANCE LIMITED  
By: BankAmerica Trust Company of New York,  
as Principal Paying Agent.

Dated: April 9, 1987

**Deutsche Siedlungs- und Landesrentenbank  
Bonn/Berlin**
**DM 100,000,000,—  
Floating Rate Notes  
Schuldverschreibungen — Serie 185  
1986/1996**

For the three months 10th April 1987 to 9th July 1987 the notes will carry an interest rate of 3.80% (Floor less 0.10%) per annum with a coupon amount for DM 47,50 per DM 5,000,— note.

The relevant interest payment date will be 10th July 1987.

Listed on the Düsseldorf Stock Exchange.

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## MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

## West German machine tools

## Deckel specialises as it fights back

Andrew Fisher on the group's response to the Japanese challenge

IT IS NOT quite a rage to riches story—or more accurately, riches to rags and back again—but it comes close in business terms.

Deckel, the biggest maker of machine tools in West Germany, is riding pretty high today. Sales, profits, and investments have been moving up steadily and shareholders have been promised a higher dividend. Even in the chiller business environment of 1987, Deckel does not expect its progress to be frosty.

But only a few years ago, it was a different and much bleaker story. The family-controlled company had taken the bold step in 1981 of going public and admitting outside shareholders, a move which was not too common then but has since been emulated by a host of West German firms.

A year later, Deckel flagged financially into a huge loss. No dividend was paid for three years and capital spending was reduced right back. The company had suffered from the order famine which affected the European industry at a time of recession and which had been exacerbated by the heavy penetration of high volume, lower cost Japanese producers when the yen was much lower than it is now.

In those days, much of the European machinery industry rolled over and died. Survivors like Deckel decided to fight back, carving out a strong position at the more specialised end of the market, where the German industry is now well entrenched, in contrast to the more volume-oriented approach of the Japanese.

There was, however, a large initial measure of luck in Deckel's case. In 1982, the Japanese came up with a timely DM 40m (£15.5m) order which enabled the Munich-based company to move back into the black the following year.

But apart from luck, what has behind the change in fortunes at Deckel? It has been a DM 12m pre-tax profit in 1981 to a DM 14m loss in 1982 and back to a 1985 profit of DM 22.6m, which was 28 per cent higher than the year before. The 1986 figures have yet to be released, but Left

Lundkvist, the company's Norwegian chairman, says they will be healthy. The dividend will be up from the DM 4 per share paid for 1986.

In trying to assess the reasons for Deckel's strength compared with a few years ago, three main points stand out: steadily rising investment; a strong emphasis on new and increasingly sophisticated product development; and a far-sighted training policy.

Of course, there are other, more mundane ingredients. Lundkvist's hands-on approach has kept him close to the production process where he has worked on shaking out inefficiencies and cutting costs. And on the marketing side, companies like Deckel have been forced to become more attentive to customers' needs and less arrogant in presenting their products.

In fact, says Lundkvist, problem solving is now what the company is mainly about. "Larger customers want packaged solutions. We've got to read the signals right, be very good listeners and have very good know-how in the market place."

That means more complex and more electronics and thus steady investment in production and product development. To make the technologically advanced equipment that customers require, Deckel's own workforce has to be trained to a much higher standard than in the past.

Lundkvist has certainly beefed up Deckel's investment in his three years at the company. Capital spending has nearly tripled to DM 23m, and he stresses that the returns have justified this. Sales increased by nearly 30 per cent last year to DM 960m and new orders by 10 per cent to DM 950m. Exports, mostly within Europe, account for just over 40 per cent of sales.

Both the rising investment rate and the close watch on production has led to a sharp advance in productivity. Turnover per employee—Deckel employs around 2,800 people—has doubled since 1982 to about DM 250,000 and the company

has cut the raw materials it needs to cover running production needs from 2.1 months' storage in 1980 to 1.5 months. The 1987 target is 1.3 months.

In its main products, universal milling and boring machines, Deckel lays claim to about half the German market, closely followed by Maho, also based in Bavaria. Most of Deckel's products, which include machine tools, have electronic controls, mostly bought from Grundig.

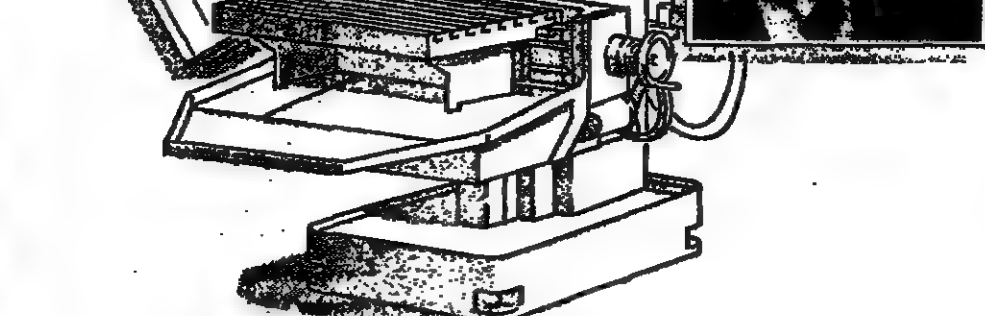
Ironically, in view of the ravages wrought by the Japanese on the industry, Deckel put electronics into its machines earlier than many German producers. But Japan was even further ahead then, and the European industry's tardiness caused much of its suffering.

The new computer-controlled products now turned out by the German industry, the world's top exporter of machine tools, have returned it to a growth track. As well as Deckel, companies like Maho, which came to the house last December, and Traub all report healthy progress. Production of the industry rose by a real 15 per cent last year to DM 13.2bn, with 90 per cent exported.

Deckel came to the market again recently to raise DM 30m through a preference share issue to help finance future expansion. Deckel and others are now moving more into the area of machines that can be linked by electronic controls and thus operate cheaply, flexibly and reliably to meet customers' varied needs.

With technology advancing ever faster and customers getting more demanding, all the equipment is becoming more and more expensive and has got to be able to run all the time, according to Lundkvist. To beat up its software expertise, it took a short cut by acquiring control of RWT, a Munich-based software house specialising in controls for manufacturing machinery.

The move was aimed at helping Deckel keep its equilibrium in coming years when competition is expected to hot up and to be in place to meet demand into the 1990s for the ever more



Chief Lundkvist has maintained Deckel's rise in numerically controlled machines and an increased emphasis on training

automated and flexible machines likely to be in demand.

As well as boosting its software side and continually updating its plant—it has installed a new DM 45m flexible manufacturing (FM) centre which has 800 different tools and can be run round the clock by two people—Deckel is also keeping an eye open for further possible acquisitions.

It is spending heavily on training. With the increasing use of computers both in the manufacturing process and in the end-products themselves, finding the right type of skilled worker and engineer is becoming harder. Many German companies complain about this. The proportion of Deckel's products—its third main line is spark erosion machines, which cut metal through electrical discharges—with numerical controls has tripled in the 1980s to 85 per cent. So its training programme has been widened accordingly.

About 30 per cent of its apprentices (120) go through a double or triple programme, which adds electrical and electronics skills to mechanical training. For those doing all three, the learning time is doubled to at least six years, with wages, instruction and equipment costing Deckel some DM 200,000 per person.

"I say that's worth it," asserts Lundkvist. He added the electronics part of the scheme. "You can't go out in the open market and find these people. It's clear we had to make this commitment."

## Tremendous attention to detail

"IT IS A German syndrome," says Left Lundkvist, the 58-year-old Norwegian who runs Deckel. "Any time you get German technicians excited about a technical problem, you're likely to end up with the right solution."

Since Deckel, like many other European machine tool concerns, was flat on its back a few years ago, Lundkvist knows what it has been through and what exertion it has taken to recover.

Lundkvist himself was not there during the really bad times. But he has enough experience of German industry to admire what he calls its "tremendous attention to detail." West German managers, he says, "are very thorough. When they do their homework, they do it very well."

He is also impressed with the way Germans carry their technical thoroughness right through from research to manufacture. "They are excellent in engineering and technology, they do a magnificent job in R and D, and they are very good in the installation and use of high technology production equipment."

He recalls the harsh times of the early 1980s, when the

## Tremendous attention to detail

Japanese producers came into Europe and knocked the industry sideways. The Germans and Swiss, in particular, picked themselves up with a struggle. At the 1982 Hannover machine tool exhibition, the Japanese virtually stole the show. But in 1985, "it was dominated by the Germans and the mood was upbeat."

Lundkvist came to Deckel three years ago after a career on both sides of the Atlantic. The Deckel family plucked him from Stuttgart, where he was managing director of Werner and Pfleiderer, a public and chemical machinery company.

His move to Deckel, he says, was part of "an orderly process of separating capital from management." Previously chaired by Michael Deckel, in his mid-40s and now deputy head of the supervisory board, the company wanted someone who could take it through the next, technologically challenging and financially demanding, phase of the machine tool sector.

Lundkvist's international background clearly impressed the Deckel family. Born in Oslo, he went to the US to fill out his qualifications with a degree in engineering and an MBA at Denver.

While there, Lundkvist, who admits that Deckel's University ring helped pay his bills by giving ski instruction on the Colorado slopes.

These days, he has little time for skiing, though he likes to relax sailing, windsurfing, or playing the folk guitar. With his self-confessed hands-on management style and regular travelling, outside activities tend to get neglected.

"It is a style he learnt from US companies, both in America and Europe. He spent nine years with John Deere, the big farm equipment group, where he was involved with machine tools and production planning and implementation. His last job with Deere was technical director of its Mannheim plant in Germany."

He followed this up with seven years at Cincinnati Milacron, the largest US machine tool producer. He was managing director of CM's subsidiaries in Austria, England and West Germany.

All in all, he reckons, "I've gone through a long time of tough experience-gathering." As for his time at Deckel, he quips as he surveys the new equipment at the Munich plant: "I'm a very expensive guy. I have invested a lot of money since I got here."

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## W H Smith bridges theory and practice

THE PROBLEM with management courses at universities and polytechnics is that they are irrelevant to what actually goes on inside companies. The problem with in-house company management development programmes is that they are often sub-standard and insular.

These two views are no doubt extreme and simplistic. But with a quibble here and an exception there, many observers of management education subscribe to them.

Even Keith Alan Smith, head of the Oxford Polytechnic's School of Business, concedes that academic management qualifications "inspire little confidence among those who appoint managers, since they merely certify academic success. They confirm nothing about the holder's ability actually to manage anything."

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Although W. H. Smith's 2,000 managers will be able to accumulate academic credits, actually getting the qualifications will require additional study and project work, set by the polytechnic.

The managers will be able to work towards three qualifications. The most junior of these will be a certificate in management studies, followed by a Diploma in Management Studies. At the most advanced level, managers will be able to complete a Master of Business Administration degree.

Peter Hagall, W. H. Smith's managing director, staff and services, accepts that having gained such qualifications, good managers might move on to other companies. On the other hand, having the opportunity to embark on these studies "may be a very strong reason for staying with us."

There are signs that there might be the start of a trend. Two other major companies understood to be close to reaching similar agreements.

Michael Skapinker

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# THE PROPERTY MARKET By PAUL CHEESERIGHT

## From banana shed to multi-purpose arena

THIS IS the tale of a banana shed: a tale of co-operation between public and private sectors; a tale of leveraging £2 into £20m; a tale of enterprise zone economics and politics. It might even have some lessons for the drive to regenerate the inner cities.

The banana shed is a relic of the imperial past, close to the River Thames on the Isle of Dogs in London's docklands. It is now the base of what the blurb calls: "London Arena, London's first-ever custom-built multi-purpose venue... with a seating capacity of 12,000... available for major concert and sporting events." Opening date is September next year.

The project was presented to the sporting press this week, some five years after the London Docklands Development Corporation (LDDC) offered it to one man to see whether he could conjure up a sports arena the better to balance development in the Docklands enterprise zone.

That man is Malcolm Seldon, self-confessed "tatty" peer, enthusiastic sports administrator, entrepreneur, Midland Bank consultant, and Middle East trade specialist who pulled the strings to win for British contractors the huge Cairo wastewater project.

The LDDC advanced the idea of the sports centre, he recalled "when it had plenty of space, before the tremendous success of the enterprise zone had led to the development of offices right across the board."

It was at that stage that Lord Seldon set up a £2 private venture company to be the vehicle for the development which was about to unfold.

The putative sports centre had a site at a peppercorn rent but no money to develop it and nobody to run it.

At first it looked as if London Arena could come into being at a cost under £6m and the notion of a joint venture — half public finance, half private finance — brought into the same camp such odd partners as the Environment Department, the then left-wing Borough of Tower Hamlets, the Sports Council, Bovis, GEC and M&A.

It was a false dawn, because Bovis, once it had started the construction work, found that the cost of piling had been badly underestimated and the Bradford City football ground fire disaster led to a tightening of safety regulations. Costs escalated to £10m and Kleinwort Benson, the investment advisers, found that major corporations were not interested.

Lord Seldon picked up the financing mantle himself. The key point in devising the structure was to make the maximum use of enterprise zone allowances — the 100 per cent building allowance, for example. He ended up with a securitised property.

The only equity in the project is held by London Arena Ltd — £2m up front and £2m more to come. This company manages the project. Its shareholders are Allied Entertainment, the group run by Harvey Goldsmith, Frank Warren Promotions which specialises in boxing, and Dockport, Lord Seldon's own company. Lord Seldon is chairman of London Arena.



Lord Seldon and an across-the-dock view of the London Arena.

Public sector grant money is providing construction finance against the security of the land, which holds an office development permit and Arbutnot Leasing International is putting up £2m for equipment. The building itself is being sold to Barclays Mercantile Industrial Finance, which is leasing it back to

up. The notional compound interest rate of these "sporting bonds" is 12 per cent. Although M&A is pulling out, Bovis and GEC have the carrot of more construction and mechanical and electrical contracts.

London Arena which has the opportunity to buy it back over 15 years.

Here then is a £20m plus package, the wrapping up of the lawyers as each of the players brought in its own team. But it will not be final. Earlier this year, Lord Seldon thought the only thing left to arrange was a few minor details on the construction contract with the LDDC — like shifting the frontage of the building. It proved more difficult.

As the LDDC explained, the nature of the project had

changed. It had become concerned about safety issues after Bradford. It was also anxious to safeguard the community and sporting aspects. It was worried about car parking because of the arena's proximity to residential areas.

Lord Seldon's path seemed blocked until a few days ago. There followed a 23-hour negotiating session with the LDDC which ended with the planned opening date of the arena still in place but with two more projects tacked on.

First: offices, any proceeds from which would be ploughed back into the arena. Lord

## Problems of unstoppable momentum

CREATION of the London Arena provides some evidence that London Docklands is beginning to mature as a community.

"The momentum is unstoppable," according to Mr Tony Grant of Grant and Partners, one of the firms of surveyors active in the area. But the momentum brings its own problems and Knight Frank and Rutley have warned that development has started to outpace the provision of transport.

Mr Grant has highlighted three other problems that he would like the London Docklands Development Corporation (LDDC) to consider.

One, which the LDDC can do little about is the danger of overheating in the residential market. "The rapid rise of prices is being fuelled by speculation and in some parts the market is well ahead of genuine purchasers for owner-occupation," Mr Grant says.

The second problem, he says, is the reluctance of the LDDC to cater for warehouse/distribution centres and light industrial service depots.

Third is a fear that the LDDC is prepared to reduce its car-parking standards. If parking is inadequate, letting will become more difficult and investment values will be affected, he says.

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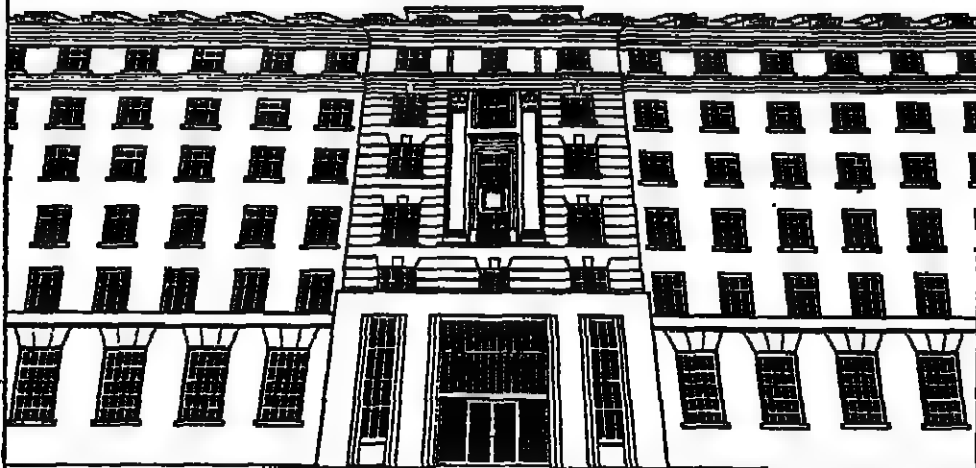
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Partnership with neighbouring boroughs is vital to regeneration	2	Shopping: Town centre retailing threatened by proposed new developments	3
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# FINANCIAL TIMES SURVEY



This once thriving Black Country town has launched a series of initiatives to cope with the huge loss of industrial jobs and fundamental changes in its economy. The aim is to reverse the process of decline by attracting new investment, working in partnership with other boroughs, Arthur Smith reports

## Heading into a positive future

PERHAPS nothing sums up better the plight of Wolverhampton, once one of the affluent industrial towns in a booming West Midlands, than its football club. Wolverhampton Wanderers, whose successful teams of the 1950s and 1960s brought the glamour of European football to Britain, now wallow in the fourth division.

The future of the club, which has twice slid into receivership in recent years, now hangs largely on the outcome of a planning inquiry due this summer into whether an Asda superstore should be built next to the famous Molineux ground. In the days when Wolves brought glory to a town that made the metals and parts to feed the voracious appetite of the car, motorcycle and commercial vehicles industries, a worker could leave his factory on a Friday, hear of a couple of job offers on his visit to Molineux and be working somewhere else for higher pay by the Monday morning.

The present position is stated starkly in "a community audit" conducted by Wolverhampton Council. "In about a decade the borough has moved from full employment, perhaps deceptively healthy-looking local economy and relative prosperity for nearly all its working inhabitants, to massive factory closures, some 22,000 people out of work, 37,000 households on supplementary benefit—and for many people a loss of hope for a decent career, income and lifestyle. Despite all the efforts of the council and other agencies the unemployment trend generally remains upward."

Wolverhampton, a 20-minute train journey from Birmingham through the industrial Black Country, has a population of about 250,000. It has been the main market town for south Staffordshire since the thirteenth century, regarding itself as distinct and separate from Black Country neighbours such as Walsall, Dudley and Sandwell, and now serves a shopping and business centre for about 1m people.

But the audit pulls no punches, pointing out that "Wolverhampton is currently undergoing fundamental changes in its economy, its social structure and its environment." Attention is focused upon the decline in major industries—jobs in manufacturing have halved to 38,000 since 1971, with 12,000 disappearing in just four traumatic years during the latest recession.

While nationwide there has been a compensating climb in service industries, Wolverhampton has seen even that sector slide. Unemployment now stands at 80 per cent. The audit notes that the burden has not been shared equally, with particular groups such as the young, women, black people and the unskilled hit harder. "Disturbingly, over 13,000 people have been unemployed over a year, of whom nearly 8,000 have been jobless for more than two years."

But even against that background, Mr Mick Lyons, 37-year-old chief executive of Wolverhampton Borough Council, is positive about the prospects. "The town has a lot going for it in terms of its traditions, enterprise and labour skills," he says. The point is endorsed by Mr Derek Evans, president of Wolverhampton Chamber of Commerce, who talks of a growing mood of self-confidence.

Mr Richard Bulley, of estate agents Bulleys who managed 2m sq ft of industrial space in the area, reports a strengthening in the market throughout 1986: "People tend to focus on the bad things about Wolverhampton, but the outlook is one hell of a lot better than for some years. We are on the up curve."

Mr David Tromans, partner in an agency specialising in retail property, is similarly optimistic. He points to the 54m refurbishment of the Mandem shopping centre now under way and "a vote of confidence" by Sainsbury's which is moving to a much bigger town centre store.

Mr Lyons, whose appointment just over two years ago marked the start of a shake-up in the way the Labour-dominated local authority services were organised, stresses the key role of the council: with 18,000 workers it is by far the town's largest employer. The aim has been to launch economic initiatives and boost the image of Wolverhampton to attract new investment and jobs.



## Wolverhampton

Wolverhampton puts its best foot forward—sport for all at the Olympic-standard Aldersley Stadium

has been assembled to supplement the grants available since the town was given assisted area status in November 1984. These range from business start-up funds and marketing support for small companies through to agencies to encourage co-operatives and community businesses.

The Wolverhampton action plan has just been launched to bring forward the development of key industrial locations, including plans for a business park on a 83-acre site. Mr Lyons emphasises the need for private sector backing to create a balanced and competitive portfolio of industrial sites and building both to encourage growth by local companies and attract newcomers.

## Passion of an unusual leader

MICK LYONS, former market stallholder, Labour politician, university lecturer and civil servant, has been chief officer of the borough council with its multi-million pound budget and 15,000 strong workforce for more than two years now—and he is still only 37.

His passion and commitment are apparent: "We have started something special in Wolverhampton and I intend to see it through," he says. His aims are not merely to bring new jobs and industry to the area but to develop community spirit and make local government responsive to what he calls "the customer."

"We have launched a training initiative to spread through the whole administration. We might have more than 250,000 ratepayers but there are also the people who shop and work in Wolverhampton."

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## WOLVERHAMPTON 2

The scale of recession has forced the Black Country towns to form a partnership to attract the resources they need

## A joint approach strategy

WOLVERHAMPTON HAS traditionally spurned association with its Black Country neighbours of Walsall, Dudley and Sandwell though they share the common heritage of 200 years of industrialisation, of coal mining and metalworking.

The four metropolitan districts of the now defunct West Midlands County Council spill over 140 sq miles with a population of more than 1m. But they are each firmly parochial with their own differing accents and specialist trades whether motor components at Wolverhampton, locks at Willenhall, leather at Walsall or nuts and bolts at Darlaston.

The very scale of recession in recent years that has swept away jobs, factories and com-

panies has forced the four neighbours to seek common ground.

The four districts in 1984 commissioned a study from Colin Buchanan and Partners which pointed to "the collapse of manufacturing industry" and the "devastating fall in jobs." It recommended the formation of a development agency to raise funds from both central government and the European Commission.

Such a body was thought necessary to coordinate efforts and to counter the strident and powerful voice of nearby Birmingham.

While the leaders of the four districts continued to meet informally, action was not taken on the Buchanan report

because of preoccupation with a more immediate issue — the proposed abolition of West Midlands County Council, which came into effect last April. The issue remained live however with the authorities urging the need for additional resources to tackle the work of urban regeneration while arguing that they were best qualified to carry out any programme.

Concern that the government might be considering imposing an outside body on the area turned to alarm with the announcement last October by Mr Nicholas Ridley, an Environment Secretary, that an urban development corporation was proposed for the Black Country.

Such corporations are given wide-ranging powers to acquire, reclaim and dispose of land and property and provide all forms of infrastructure and services.

However, the united hostility of the four districts to the proposed new body was blunted earlier this month with the announcement of the boundaries for the urban development area. The designated area is confined within the boroughs of Walsall and Sandwell and consists of a wedge of land of less than 6,000 acres stretching from Junction 10 of the M6 in the north to Junction 2 of the M5 in the south.

Mr Lyons is relaxed about the decision: "Wolverhampton is not unduly concerned. We believe the focus is right and that is the most pressing area we can tackle the issues of Wolverhampton ourselves."

Opposition from the districts most affected is likely to be quelled by the fact the government has indicated that up to £100m of funds will be made available over the next seven years in addition to the existing urban programme and derelict land money.

Mr Lyons believes Wolverhampton's interests can best be pursued by developing the informal partnership with the Black Country boroughs. The loose organisation has been put on a more formal basis with approval for a joint advisory committee comprising three councillors from each authority. There is provision "at the appropriate time" to invite four active industrialists on to the advisory body.

The role of the committee will be to develop a strategy for the Black Country and monitor its progress although implementation of schemes will be largely the responsibility of the parent authorities.

Mr Lyons maintains that the four authorities acting jointly can provide a united voice and a powerful lobby. He points out that the combined total of urban programme aid to the boroughs is less than £14m and yet Birmingham with a similar population gets about £25m a year.

Examples of existing co-operation are provided by the fact that the boroughs already submit their derelict land projects as a single programme and by a joint initiative to promote tourism.

Far more ambitious are proposals to draw up jointly a five-year £50-£100m programme for consideration for assistance with funding from the European Commission. The European Commission has said it will consider "national programmes of community interest" involving major road works and infrastructure projects as part of a package of economic regeneration.

The Black Country boroughs are contributing equally to the £100,000 cost of appointing consultants to draw up the programme.

Mr Lyons also focuses attention on what he describes as "a new and exciting initiative" for Wolverhampton to join with the other boroughs and the West Midlands Enterprise Board to set up a venture capital fund.

He says one of the reasons for the council providing such a wide range of assistance to industry is to fill gaps in the private sector's provision of finance for companies. There is a particular need, he says, for equity capital of between £25,000 and £50,000 for new and young companies.

It is proposed that each district would contribute £50,000 to be matched pound for pound by the enterprise board. Such a fund would be helpful to a broad range of companies and would help secure or generate new jobs.

Mr Lyons adds: "As a local authority, we have the expertise and detailed knowledge to carry out economic regeneration without the intervention of outside agencies."

WOLVERHAMPTON COUNCIL has made economic regeneration its top priority. The array of initiatives launched to attract investment, create jobs and improve labour skills include:

**Business start-up scheme**  
Aims to generate employment opportunities in new businesses. Grants up to £2,000 are available depending on the number of jobs created. The council is particularly anxious to encourage innovative products and processes and co-operatives.

**A number of development grants**  
Provided jointly by the council and Department of the Environment. Intended to enable development where the current level of return is not adequate for a scheme to go ahead. The needs of the local area, the general impact of the project and the extent of job creation or safeguarding existing employment are considered.

**Industrial improvement areas**  
A number of schemes have been declared in Wolverhampton giving loans and grants towards conversion, improvement or modification of commercial or industrial buildings.

**Conservation grants**  
Provide assistance towards works on buildings of architectural and historic interest within certain areas.

**Employment development scheme**  
The council is able to assist projects with a financing requirement which cannot be met from another source, where a net gain to the town, including job creation or maintaining existing employment, can be demonstrated.

**Marketing development scheme**  
Specifically designed to assist smaller businesses in the development and implementation of a marketing strategy.



Importing finished types at the Goodyear factory.

## Initiatives for investment

Wolverhampton property guide aims to include all available properties to buy and rent, both in the public and private sectors. **Wolverhampton Enterprise Limited** A relatively small council-backed enterprise agency. Some 1,200 clients, half of whom were unemployed, have been given business advice. Research demonstrated 40 per cent went on to develop their ideas. **Black Country co-op development agency** A local business advice agency which assists the development of both prospective and established co-operatives. The

agency, funded jointly by the boroughs of Wolverhampton, Walsall, Dudley and Sandwell deals with inquiries from throughout the Black Country on a free and confidential basis. **Regional selective assistance** Designation of Wolverhampton as an intermediate area has made virtually all manufacturing and some service sector companies eligible for grant aid for specific investment projects which create or safeguard jobs. **Co-operative support grant** The council, through the inner area programme, can make grants of up to £1,000 to assist the establishment of co-

operative enterprises which locate in the borough. **Community business** Enterprises owned and controlled by the local community, and which aim to create permanent jobs for local people through trading activities. Surpluses are either re-invested in the business or used for community benefit. This new form of social ownership is developing rapidly in Scotland. The council provides financial help for detailed research, feasibility studies and business plans.

**Technology** Informal introductory training in microcomputers is provided in 12 centres. Funded by the council through the inner area programme, the scheme aims to increase awareness about computers in the adult population and provide local community access to microcomputers.

**Printing industry** Technical change has proceeded rapidly in the printing industry. To promote retraining, the council is offering a grant to companies which agree to take on an unemployed printer. **Clothing industry** A local collaborative project, along with Birmingham council and clothing firms, which aims to identify the industry's training needs.

**European Social Fund** The council through the European Social Fund for this year will offer more than 2,000 training places at a cost of £2.3m. The schemes, either council-run or supported, are designed to offer a wide range of vocational training for those groups most disadvantaged in the labour market such as the young unemployed, the long-term jobless, women and people with disabilities.

## Passion of an unusual leader

Continued from page 1

to create the somewhat inelegantly-named post of Principal Officer and Policy Co-ordinator to succeed the former chief executive and town clerk.

Mr Lyons explains that among the council's aims was the desire to differentiate the policy advisory role from legal advice and committee administration. Higher priority was sought for policies such as economic development, equal opportunities and public relations.

"They wanted to open up the administration. Lawyers as a profession probably tend to be more concerned with powers and procedure rather than pressing ahead and getting things done."

Labour, which currently has 37 councillors against 19 Conservatives and four Liberal Democrats, has held power continuously for the past 14 years. The key personality throughout that period has been Mr John Bird who has led the Labour group from a Left of Centre position — unusual in urban areas — to a more moderate stance.

Mr Bird adopted an open style during a period of dramatic economic and social upheaval that saw the character of the Labour group change.

In common with other urban areas councillors tend to be

younger and more often women, and from white-collar, rather than manual, backgrounds. More than a quarter of the Labour members now have teaching or graduate qualifications.

There are four councillors from ethnic minority groups in the Labour group with Bishan Dass this year becoming the first Indian in the country to take a mayoral office.

Mr Lyons' background was certainly as unconventional as the new post. A working class lad from London's East End, by the age of 12 he was supplementing the family income as a kennel boy at a greyhound track.

He seemed on target for an entrepreneurial career selling bric-a-brac from a market stall before embarking on a four-year sandwich course in economics at Middlesex Polytechnic.

After a masters degree at London University he lectured in labour economics at Nottingham City before joining the Civil Service with the Department of Environment in Birmingham. He worked on urban programmes in the West Midlands. "Local government seemed to be the place where it was happening, where there was an opportunity to apply economics in an industrial setting and manage change."

A move to the treasurer's department of West Midlands County Council made it possible for him to enter politics actively and he represented Labour on Birmingham City Council.

Mr Lyons' promotion within the county council to head the highly-interventionist economic development unit with a staff of 80 and a budget of £17m a year proved the stepping stone to the Wolverhampton job.

Economic regeneration is the council's top priority and Mr Lyons has drawn upon his experience to introduce a whole range of schemes to promote new businesses.

But he is equally concerned that, given the scale and complexity of the problems faced by the borough, limited resources should be deployed most effectively. To that end a community audit has been introduced

under which all council committees are required to define policy objectives, establish priorities and monitor the outcome of programmes.

The aim is both to measure the effectiveness of programmes and the value for money — factors which Mr Lyons says must be crucial to future policymaking.

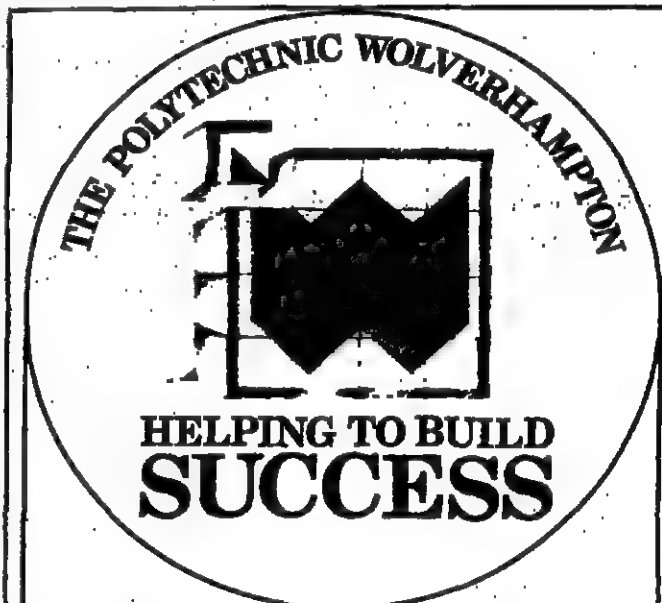
But he is looking not just for efficiency from local authority staff but also for an example to the community of equal opportunity in the workplace.

He argues: "Why should we not try to make Wolverhampton council really reflect the community it is working for? Women make up 60 per cent of the non-teaching, non-manual staff but few of them are in the highly-paid jobs. Many Asian and Afro-Caribbean people live in Wolverhampton but very, very few work for the council."

Mr Lyons says: "We are the biggest employer by far with 15,000 out of a 100,000-strong workforce. We have to give a lead."



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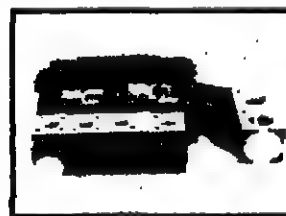
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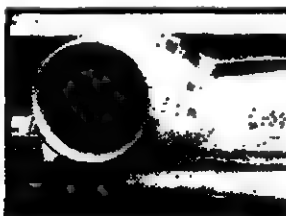
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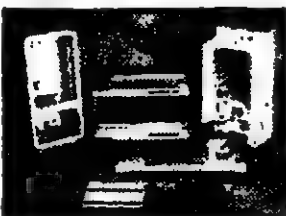
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## WOLVERHAMPTON 3

## Shopping

## Shift in retail patterns

WOLVERHAMPTON as a shopping centre is second only to Birmingham in the West Midlands region in its size and spending power. But the shops that for decades have dominated much of the Black Country, attracting customers from Staffordshire and Shropshire, are now threatened.

Just four proposals for shopping centres in the Black Country alone could swamp the local market and create a big shift in retail patterns.

Of most immediate concern to Wolverhampton, which has about 2.5m sq ft of retailing, is the 1.7m sq ft Merry Hill development in the nearby Dudley enterprise zone. The Richardson brothers, Dudley entrepreneurs, gained outline planning consent last May for a 1.2m sq ft addition to their existing 550,000 sq ft scheme which would establish Merry Hill as a full-scale regional shopping centre.

The council, understandably, vigorously opposed to the project, is seeking to take the Environment Secretary to the High Court for not calling in the scheme for inquiry. But the chances of stopping the project must be remote: Merry Hill is likely to go ahead.

To further cloud the picture, Sandwell council has given outline consent to Color Properties for an integrated leisure and entertainment complex including 2m sq ft of shopping. The scheme, Sandwell Mall, on the site of the former Patent Shaft steelworks at Wednesbury, would include six department stores and up to 600 shops units.

Parting for 12,000 cars is included.

At Walsall, two alternative planning applications—the larger for 800,000 sq ft of shopping have been submitted for a site at Seedwood, close to junction 10 of the M6.

Even closer to home for Wolverhampton, the Richardsons have been investigating the possibility of a massive retail and leisure complex on the racecourse near to the town centre.

But the sudden popularity of new regional shopping centres, fuelled by the increased willingness of the financial institutions to fund out-of-town schemes, extends beyond the Black Country. It raises fundamental issues following the abolition of the West Midlands county council, the former strategic planning authority.

Wolverhampton along with the six other metropolitan districts of the former county, have appointed Drivers Jones, the London surveyors, to give advice on what sort of concerted response is necessary to the rush of big applications. These include plans for a 500,000 sq ft shopping centre on Crannmore Industrial Estate, Solihull, and a 900,000 sq ft project for the Fort Dunlop site, close to the M6 and four miles from Birmingham city centre.

An interim report from Drivers Jones is thought to recommend that now consents have been given to Merry Hill and Sandwell Mall no other permissions should be granted unless it is shown that one or both of these schemes will not proceed. The surveyors point out that

the six biggest schemes proposed within the old West Midlands county have a potential turnover of nearly £850m—equivalent to one third of all the non-food retail spending in existing centres throughout the county and surrounding area.

Drivers Jones notes that the schemes are speculative and competing for the interest of key retailers and for investment funding. Clearly, even if permission were granted, all the schemes could not go ahead.

Drivers Jones cautions against total resistance to out-of-town schemes which, if properly located, could contribute to the regeneration of the older urban areas. But the surveyors warn that a total "laissez faire" approach could have a damaging impact until the market reached a new balance.

The surveyors recommend planned intervention to limit the scale of development to that which the growth of spending can support, ensuring also that schemes reinforce the objectives of urban renewal.

The need "to maintain and wherever possible increase the attractiveness of the centre to shoppers" is repeatedly emphasised in the borough's recently-published town centre plan. It talks of the need to accommodate changing retail trends and shopping habits.

The plan argues that "the ease and enjoyment" derived from a visit to the town centre is going to be increasingly critical to future success. It proposes "enhancing" the environment by extending paved areas and improving the parking.

The decision by Manders Holdings, to spend £25m refurbishing the Mander Centre built in the late 1960s is a welcome boost. Work has already started on the complex with its five stores and 130 shops. The project, scheduled for completion by Christmas.

Mr David Tromans, a partner of estate agents Michael Tromans, says the Mander refurbishment is attracting new tenants. Demand for shop units in Wolverhampton has improved sharply over the past 18 to 19 months, particularly in the prime area formed by the Mander and Wulfrun centres, Dudley Street and Victoria Street, he says.

"The Merry Hill development is clearly in the back of everybody's mind but Wolverhampton is large enough and attractive enough to handle the competition."

Salisbury's decision to move to a much larger town centre store has been "a vote of confidence" in Wolverhampton. The main constraint on new development in the central shopping area is the lack of suitable sites within the inner ring road.

To attract a second large food store to the town centre, the council has relaxed its controls to give planning consent to Asda for a 10-acre site to the north of the Molineux stadium.

However, the Environment Secretary has called for an inquiry to examine how circumstances might have changed since 1984 when his department upheld a council planning refusal for a store on the site. The result of the inquiry, scheduled for June, is expected by the end of the year.

## Wolverhampton's Big Companies

Company	Turnover £m	Year end	Holding Company	Sector
TARMAC	1,570	12/85	—	Building
GOODYEAR TYRE	269.9	12/85	Goodyear (US)	Tyres
WOLVERHAMPTON & DUDLEY BREWERIES	103.5	9/85	—	Brewing
PHILMAG OILS	77.9	12/85	Phillips Petroleum/Tarmac	Refining
GT CENT MERCHANTS	77.2	3/85	—	Building
SEAMLESS TUBES	75.2	3/85	British Steel	Tubes
MANDERS	49.3	12/85	—	Paints
FALCON	38.2	12/85	—	Tools/engins.
MARSTON PALMER	28.4	12/85	IMI	Engins.
C. I. GROUP	27.5	1/86	—	Engins.

Now company formations

Pre-1982	1982	1983	1984	1985	1986
2,673	320	326	346	331	319

Companies by size of turnover

Less than £1m	£1-4m	£5-9m	£10-24m	£25-49m	£50-99m	Over £100m
197	43	18	17	6	8	6

Source: Jordan Information Services, Jordan House, Brunatton Place, London N1 6SE

## Profile: Manders Holdings

## Expansion adds bright new sheen

THE STOCK MARKET is taking a sunny view of Manders Holdings, the paints, printing ink and property group that has been a leading name in Wolverhampton for more than 200 years.

The share price has surged over the past 12 months, boosted initially by takeover rumours but buoyed by the changes being pushed through under a new management team. Investment is under way to improve productivity, cut costs and increase market share. Acquisitions are being sought.

"I have just bought 25,000 worth of shares at 330p and I am looking for an improvement," chuckles Mr Roger Akers, chief executive operations. He points out that when he took up his appointment in January last year the price was languishing at around 180p.

His task is to expand the trading side of the group and reduce the dependence on property income—though growth is even sought there.

The 1986 results are not due for a day or two but the 1985 figures illustrate the position clearly: rental income (mainly from the Mander Centre shop-

ping complex in Wolverhampton) accounted for about half the profit but turnover was split between roughly £30m on decorative products (paints and wallcoverings) and £20m on printing inks and industrial coatings.



ping complex in Wolverhampton) accounted for about half the profit but turnover was split between roughly £30m on decorative products (paints and wallcoverings) and £20m on printing inks and industrial coatings.

Mr Akers is a jovial and straight-speaking former Wolverhampton Grammar School boy. "I think that's a necessary qualification to be a director at Manders," he laughs. At 45, he has spent his whole career in the industry starting as a chemist in paint research and rising through the management structure.

He joined Manders from the Wolverhampton operation of Imont, the international paint company. "I was recruited here to put some heat into the operation. I know what it's like at the sharp end of selling."

Mr Akers maintains that the pace of change has indeed been rapid, both in the nationwide 60-branch distribution network and the three factories in Wolverhampton (with 400 workers), Birmingham (100) and Rusbou (120) near Wrexham. "We are now in the throes of significant capital investment geared to improving our market position—reducing the cost per litre of the product while selling more."

He points to new work practices and flexibility: a special shift has been introduced to meet rush demands from the printing industry. To sharpen marketing, the distribution network is being refurbished and rationalised and services speeded to ensure regular overnight deliveries.

Mr Akers says: "I have never gone into a company like Manders where so many people are

anxious to be involved and make things happen."

The company is one of the oldest paintmakers in the country and can trace its origins back to 1773 when Benjamin Mander and his brother John began their expanding and chemical businesses in Wolverhampton.

There has been a loyalty to the Manders family, though none is now involved in the management. About employees, sons and daughters have followed their parents into the business. Mr Akers is quick to point out, however, that workers are no longer required to say daily prayers or sing hymns before leaving as they were in the early 1800s.

Manufacture of printing ink began later in the 19th century and the Mander-Kidd name started to become established. More recent are the industrial coatings for which Manders is now developing new technology to expand markets and applications.

"Research and development is the backbone of our business," Mr Akers says. "Anybody can make me too 'products'. To get in first commands a price premium. The money is made by being better by being first into the market or process."

In printing Manders claimed a UK first in providing an ink that dried below 100 deg C—crucial to its use in heat set web offset technology.

More recently, Mander-Kidd met the specification set by Mr Eddie Shah with his new newspaper. Today, for an ink which did not rub off on to the reader's hands in normal use.

In paint Manders was a pioneer in the field of microporous coatings, claiming to be first to offer a complete British range of alkyd car products which allowed natural wood to breathe.

Manders concentrates its attention on the professional painters and contractors. As Mr Akers explains: "The trade decorator uses many gallons of paint every day. He is therefore a very good judge of quality. If we can establish brand leadership with him it has important marketing benefits."

For Mr Akers the goal is quality: "We compete on quality rather than price to create a profitable business."

Mr Nigel Harrison, of stockbrokers Smith, Keen, Cutler, has spent his whole career in the industry. The major reorganisation programme introduced over the past 12 months is already having a positive impact on group profits, he says.

"Objectives and targets have been clearly defined and a more positive approach is infiltrating right through the group: all sectors of the business appear to be moving ahead strongly."

He points out that profits next year will see the initial benefit of a major rent review on the Mander Centre, currently undergoing a £5m refurbishment.

Over the subsequent two to three years the benefits of group restructuring will continue to emerge progressively, he believes. A strong balance sheet and positive cashflow give the financial strength to pursue acquisitions and expansions.

Mr Akers says of his ambitions for the group: "I would like to see us move to a £100m-a-year company as quickly as possible." Acquisitions would help. "We are looking at businesses that will have synergy with our paint and ink operations."

There is also scope for natural expansions, with growth coming from attention to service and sales, he believes.

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The four divisions of Manders Holdings plc cover a diverse range of products from paint to printing inks and from industrial finishes to property. Manders Paints are approved and specified by local authorities, contractors and decorators in the U.K. and abroad. Mander-Kidd Printing Inks are pre-eminent in their sphere and at the forefront of modern ink technology at home and overseas.

A broad spread of industry is supplied by Manders Industrial Division, ranging from agricultural machinery, dry cargo marine containers, electronic and automotive parts, domestic and office furniture. In addition to over 50 Manders Depots and Branches, Manders Property Division manages The Mander Centre, one of the finest shopping areas in the country. The Centre occupies a 4½ acre site in Wolverhampton and has received the Civic Trust Award.

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## THE ARTS

## Arts Week

F S Su M Tu W Th  
10 11 12 13 14 15 16

## Theatre

## LONDON

**Les Liaisons Dangereuses** (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's self-out pre-revolutionary production for the RSC has moved from the Pit. *Misalliance* (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Galsworthy, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (S38 5755, CC 538 6891).

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasizing the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, mercurial and palpable hit. (S39 2244, CC 379 6131/240 7200).

**Woman in Mind** (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Black but funny, balled in some quarters as a vanguard feminist drama; he not put off by that. (S38 9887/5645).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollercoasting folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Celine are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (S34 8184).

**Good Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Marick's top-dancing extravaganza has

been rapturously received. (S36 8108).

**The House of Bernarda Alba** (Globe): Lorca's last tragedy in a successful production transferred to the West End from Bammersmith. Nuria Espert, veteran Spanish actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around - all eclipsed by the ineffably touching Julie Legend. (S37 1532).

## NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (S38 6220).

**42nd Street** (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Sherrill Fong to Buffalo with the appropriate touch of trash and leggy honking by a large chorus line. (S77 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (S39 6200).

**La Cage aux Folles** (Palace): With some tenuous Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus members. (S75 2625).

**The Not Bappagest** (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldest actors on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (S39 6200).

**The Mystery of Edwin Drood** (Imperial): Rupert Holmes's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (S39 6200).

**Starlight Express** (Gershwin): Those who saw the original at the Victoria in London will barely recognize his American incarnation: the dialogue do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new

bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (S38 6510).

**The Mikado** (Virginia): The highly praised and well received Stratford Ontario production brings Gilbert & Sullivan back for an encore on Broadway. Ends April 19. (S77 9370).

## CHICAGO

**Pump Boys and Dinettes** (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (S35 6100).

## WASHINGTON

**Ourselves Alone** (Arena): American premiere of Anne Devlin's drama of three women trying to balance personal and political conflicts in Northern Ireland stars John Leonard, Heather Matar, Randy Danson and Christina Moore, directed by Les Waters. Ends May 10. (S38 3300).

## TOKYO

**La Tragedie de Carmen** (Peter Brook's renewed original production. The Peter Brook Company directed by Brook has been chosen to open Tokyo's newest theatre, the Ginza Salon. By eliminating the usual opera fillers and distractions, concentrating on the main characters and convincing acting and relegating the (conductor-less) orchestra offstage, Peter Brook's version ensures that nothing interferes with the drama and realism. In the five years during which this Carmen has been seen in Europe and the US, Japan has campaigned for its performance here. But Brook rejected every suggested venue. This unlikely modern theatre was accepted because of its flexibility. The newest cultural jewel of the Ginza Group is so descriptively converted into an arena space, complete with red sand floor and plain high walls that it has been made to look like Brook's Paris base, the famed, grided Theatre des Bouffes. Other innovations include the civilised 7.30 (8.00 at weekends) start and restaurants for after-theatre dining. *Ginza Salon Theatre* (S35 6255; S39 6895).

**Salome** by Richard Strauss. Berlin National Opera. Orchestra conducted by Siegfried Kurz. Double cast includes Herod - Dietrich Kuehl, Herod's Jurgen Schmidt; Herod's Glenda Sobroster, Zeussa Misura; Salome - Eva-Maria Bundschuh, Cynthia Makris; Jokanaan - Ekkehard Walschella. Set by Wilfried Weis, directed by Heiko Kupfer. Tokyo Bunka Kaikan (Wed, Thur). (S32 7141).

## Music

## LONDON

**Philharmonia Orchestra** conducted by Esa-Pekka Salonen with Cho-Liang Lin, violin. Lutoslawski, Bruch and Sibelius. Royal Festival Hall (Mon). (S28 3181).

**Royal Philharmonic Orchestra** conducted by Paavo Berglund with Horacio Gutierrez, piano. Elgar, Rachmaninov and Beethoven. Royal Festival Hall (Tue).

**Londen Mozart Players** conducted by Jane Glover with John Lill, piano. Mendelssohn, Beethoven, Prokofiev and Mozart. Barbican Hall (Tue). (S38 8881).

**RBC Symphony Orchestra** conducted by Dennis Russell Davies with Alfred Brendel, piano. Reger, Schumann and Beethoven. Royal Festival Hall (Wed).

**Royal Philharmonic Orchestra** conducted by Paavo Berglund with Boris Bejka, violin. Strauss, Tchaikovsky and Sibelius. Royal Festival Hall (Thur).

**Londen Symphony Orchestra** conducted by Gerard Schwarz with Carol Rosenberger, piano and Della Jones, mezzo-soprano. Chabrier, Falla and Ravel. Barbican Hall (Thur).

## PARIS

**Mirella Freni**, soprano, Paula Molinari, piano (Mon). Theatre de l'Assommoir (S42 6727).

**Maria Jose Pires**, piano, Jerome Grandin, piano. Orchestre Philharmonique de Radio France conducted by Olivier Coendet. Bach, Mozart (Mon 8.30 pm). TNP-Chatelet (S35 4444).

**Ensemble Orchestral de Paris** soloists: Debussy, Ravel, Messiaen (Tue). Auditorium des Halles, 5 Porte Saint-Eustache (S42 6737).

**Harve Lowy and Jean Bollard**, tenors: *Les Contes de Tchaikovsky* (Wed). Saint-Roch Church (S21 3246).

**Groupe Vocal de France** conducted by Helmut Frenz: Michel Zehn, Emmanuel Nunes (Wed). Radio France, Studio 105 (S24 1516).

**Neuvel Orchestre Philharmonique**, Radio France choir and Maltriaux conducted by Gino-Franco Mancini. Funchella's La Gioconda (Thur). Salle Pleyel (S41 0530).

## VIENNA

**Mary Margaret Fennell**, Mildenhall, Nieder, Jean Brom, piano. Wagner, Nurgott, Schumann, Beethoven (Wed 8.30 pm). (Thur).

**Francis Kilian**, piano. Schumann, Schubert, Ravel, Chopin. Palais Pott (S3 38 81). (Thur).

## NEW YORK

**Carnegie Hall**. Shostakovich/Lin, Tchaikovsky/Balshovitz. All-Brahms recitals (Thur). (S47 7800).

**Julliard Concerts** (IBM Gallery): Julliard Singers Vocal Quartet. Mixed programme (Wed, 12.30). 58th & Madison.

**Merkle Hall** (Goodman House): Indiana School of Music Baroque Orchestra. Stanley Ritchie director, Eva Legene recorder, Paul Elliott tenor. Sammartini, Purcell, J.S. Bach, Handel (Wed); Baroque Lipson-Gruen piano recital. Debussy, Ravel, Chopin (Thur). 67th W. of Broadway (S37 8719).

**New York Philharmonic** (Avery Fisher Hall): Leonard Bernstein conducting. All-lives programme (Tue): Leonard Bernstein conducting, Barbra Streisand soprano, Chorus Ludwig mezzosoprano, Westminister Choir directed by Joseph Flummerfelt. Mahler (Thur). Lincoln Center (S74 2424).

## WASHINGTON

**National Symphony** (Concert Hall): Pinchas Zukerman conducting and violin. Schubert, Prokofiev, Beethoven (Thur). Kennedy Center (S24 3776).

## CHICAGO

**Chicago Symphony** (Orchestra Hall): Leonard Slatkin conducting. Haydn, Donald Erb, Vaughan Williams (Thur). (S35 8111).

**The Mander Ensemble** (Orchestra Hall): Bruch, Shostakovich, Karg-Elert, Brahms (Mon, 5.45).

## TOKYO

**Tokyo Symphony Orchestra**, conducted by Peter Vronsky, piano, Bruno Leonard Gelber. Beethoven, Debussy, Liszt. Tokyo Bunka Kaikan (Mon). (S70 6111).

**NHK Symphony Orchestra**, conductor: Uwe Mund, piano, Pascal Devoyon. NHK Hall (Wed, Thur). (S46 1780).

**Sonata Hall, Alameda**. Flacido Domingo with Tokyo Symphony Orchestra conducted by Eugene Kohn. Popular opera arias of Donizetti, Verdi, Puccini (Mon, Wed); Hamburg Radio Orchestra, conducted by Taisuke Arima. Bruckner (Thur). (S45 1010).

**Traditional Japanese music**. Ensemble of koto, shamisen and shakuhachi by Kono Kameyama. Works included: Nightingales at the Palace and Ocean Currents. ABC Hall, Shinjuku Park (Tue).

**Toku Kato Concert**. Works for shakuhachi and shakuhachi also included: Three Themes of Spring, Toccata for Japanese Instruments etc. (Wed). (Asahi Seiwa Hall, Shinjuku). (Wed).

## Opera and Ballet

## LONDON

**Royal Opera, Covent Garden**: Last performances of Anita Sallman's *The King Goes Forth* to France, a Covent Garden/BBC joint commission with the Savonlinna Festival, which receives here a production of spell-binding brilliance and hilarity by Nicholas Hytner, and a musical reading of scintillating dramatic intelligence under Otto Karna. The cast, uniformly excellent, includes Michael Melby, Stuart Dean, Sarah Walker and Donald Maxwell. Strongly recommended. The production of Otello, new earlier in the season, returns for a further round of performances, this time with Vladimir Atlantov, Rosalind Plowright and Sherrill Mynes as principals and Edward Downes as conductor.

**English National Opera, Coliseum**: Jonathan Miller's lively, uneven Don Giovanni production is revived with William Shimell and Richard Van Allan returning as master and servant, and Roger Norrington making a welcome, long-delayed return to the Coliseum as conductor. Further performances of the new *Don Giovanni* with Jonathan Summers in the title role. (S35 3161).

## PARIS

**Maurice Béjart's XXth century ballet** *Maîtres et Metamorphoses* of the Gods. TNP-Chatelet (S23 4444).

**Montseigneur alternates** with Elektra conducted by Kent Nagano, in which the violence of music multiplies the atmosphere of fully reigning through *Cytherea* sung by Heiga Demesch, Elektra interpreted by Gwyneth Jones and Chrysothemis by Cheryl Studer/Helene Gavetti. Paris Opera (S28 3022).

**Speedy Stravinsky** conducted by Lothar Zagrosek, production and choreography by Wilfride Pliet and Jean Guizaric: *The Fox*, ragtime, recital of vocal melodies and piano. Opera Comique (S40 8111).

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## THE ARTS

## Happy End/The Place

Andrew Clements

Happy End was the intended sequel to *The Threepenny Opera* that turned out to be far from happy, closing after just three performances in September 1984. The musical comedy (as Brecht and Weill defined it) has never really recovered from that beginning: though several of its numbers have become established among the most celebrated and performed of their songs, it has rarely been staged. The production by Mike Ashman which the St Donat's Music Theatre has brought to London under the auspices of the Camden Festival, is therefore a genuine rarity.

It is a tale of small-time gangsters and the Salvation Army in seedy Chicago, the same fertile ground that would be traversed successfully 20 years later, transposed to New York and transmuted by Damon Runyon, for *Gangs and Dolls*. The theme of American capitalism gone sour on itself is familiar Brechtian territory of course, but in *Happy End* it seems only to bring the best from him intermittently: the humour is as strictly rationed as the savage irony, and only the ending manages to pack a hefty punch.

How much that is an intrinsic flaw in the work and how much a failure of Ashman's staging is hard to say. Certainly the minimalist set, a miniaturised boxing canvas

## LPO/Festival Hall

David Murray

The first part of the London Philharmonic concert on Wednesday consisted of Mozart's *Flute Concerto* well-timed, well-played, well-performed, well-received. The second part — Bruckner's 7th Symphony — could have got underway only at half-past eight; certainly James Galloway had not stretched the Concerto out unduly. On the contrary he was his familiar sprightly self, exercising his knack for suggesting native wood-notes wild with artificial tricks of timbre. The conductor Kurt Sanderling seemed to enjoy accompanying him.

From the first rising line of Bruckner's Symphony, with horn and cello perfectly balanced, it was evident that the orchestra was in its happiest form. It is some time since I have heard major Bruckner so sure: the Wagner tubas later were gorgeously well-tuned and, after three long movements the LPO players sprang readily into the finale. Sanderling's inspiration, there was to make each of the quick

## What About Luv?

Antony Thornecroft

While we bombard Broadway with heavyweight musicals like *Starlight Express* and *Les Miserables*, Off-Broadway retailers with pop-groove revue sketches like *Nonsense* and *What About Luv?* at the Hammerstein. This three-hander, based on the play *Luv* by Murray Scheraga, is an intellectually demanding as a bag of Maltesers.

Set on a bridge in New York City, it deals, of course, with those perennial American obsessions, love and marriage. Harry, energetically played by Peter Kelly, a certifiable loser in life, never happier than when protected by his brown paper-bag, attempts death but is hauled back from the parapet by old school chum, Milt (Jay Benedict). Cue for 17 songs.

Milt's wife, portrayed for no very good reason by Mimi Fink, arrives to entangle things a little, and there is that inevitable American musical happening, a song where two

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CFT Publications, Inc. 1986

## Cinema/Nigel Andrews

## Menace, masochism and murder

*Blue Velvet* directed by David Lynch  
*Star Trek IV - The Voyage Home* directed by Leonard Nimoy  
*Flight of the Navigator* directed by Randal Kleiser  
*College* directed by Buster Keaton

"I don't know if you're a detective or a pervert," says squeaky-clean teenager Laura Dern to her boyfriend Kyle MacLachlan in *Blue Velvet*. Nor do we, for the length of David Lynch's amazing exploration of an American small town where white picket fences are a portend to nightmare. In the film's 120 minutes we travel through menace, masochism, mutilation, murder and every other nasty thing you can think of beginning with the same after-dinner drink: Fritz and M, that latter has been the most potent in the cinema's alphabet.

Lynch's previous trips to the outer edge of weirdness — *Eraserhead*, *The Elephant Man*, *Dune* — had built-in shock absorbers. In each film, setting as well as story cued grand guignol from the word go (whether Victorian Gothic Space) and softened the surprise. But in *Blue Velvet* what horrors can possibly happen, we wonder, to the nice young man (MacLachlan) in a peaceful, blue-skyed North Carolina town? Even after Dad had a stroke while sprinkling the lawn? Even, indeed, after the boy discovers a severed ear in a field, probes the lawn where Dad falls to find and magnify the creepy-crawly things beneath. It burrows into the shell of the car while a thunderous noise swells on soundtracks.

And when a trail of clues leads MacLachlan from the detective and his helpful, sardonic daughter (Miss Dern) to the mansion-block flat of a cabaret singer who has become a suspect (Isabella Rossellini), he discovers that crime and kindness are not confined to the mean streets of a metropolis. From here on in, you enter the world of horror and the inclusion in the body of small-town America will not close again, however many stitches you apply. Miss Rossellini is a frightened girl, searching for the man who raped her in her apartment, who receives nightly visits from Dennis Hopper. Mr Hopper is a psychopath who excites himself with dreams from an organ while visiting humiliations on her mind and body. (He also holds hostage her husband and



Kyle MacLachlan and Dennis Hopper in "Blue Velvet"

child.) Mr MacLachlan at first looks on aghast through the lowered slats of the closet where he is hiding. Later, he is dragged into the horrors himself.

The wonder of *Blue Velvet* is that while bundling you towards the eye of the nightmare, it keeps allowing you backward glimpses at the American dream, so you may weigh the strength and reality of each. Unlike Orpheus, you are always allowed to look back at Eurydice. Miss Dern's pony-tailed girl next-door (in the 1960s the role would have been played by Sandra Dee) never seems less palpable than the enigmatic Miss Rossellini, with her stunted, mechanical doll acquiescence in the games of S-and-M. And Hopper's human agony, played with a bulging intensity as if he could at any moment explode in front of you, shares the same streets and sidewalks as the smiling fireman, the happily playing children, glimpsed early on in the film.

As I wrote last Saturday, American cinema is currently going overdrive with Manichean tales of good versus evil, light versus darkness, as if in the late 1980s the moral universes were peeling apart before our eyes. But *Blue Velvet* is the only movie I have seen in the current crop which has the chilling sophistication to suggest that this battle is not a one-sided, generation showdown, from whose cleansing apocalypse we can eventually return to normal.

Evil, Lynch suggests, is always with us. It lies just under the sunshine on our pavements, just under the white paint on our fences, just under the innocent curiosity which first draws a boy or girl towards the abnormal.

It is all a far cry from the galactic struggle of *Star Trek IV: The Voyage Home*. This holiday goes where three feature films and untapped TV episodes have gone before. Winging through space, Kirk, Bones and Spock — who each look as if they have had to let out their uniforms since *Star Trek III* — set out to save mankind from destruction. We are in the 23rd century and an alien space probe threatens to annihilate Planet Earth unless it gets a response from some hump-back whales with whom it is seeking contact. Not this time, here to explain why, nor to explain how our intrepid space heroes land up in 1980s San Francisco for an adventure involving nuclear submarines, Klingon conspiracies, lady biologists (Catherine Hicks) and, yes, hump-back whales.

There are several merry japes and misunderstandings early on in the film. But it all comes down to a quest to prove before the end. By final whistle we are urgently seeking release from Mr Spock's ears. Bones' look of *Agor mortis* (gasping, at, Oh, my, and, Admiral) provides a one-upped smirk of frozen camp.

In the Disney film *Flight of the Navigator* we are travelling

through space and time yet again. Travel broadens the mind, they say, though Noel Coward called the proverb "an irritating platitude" which strictly *entre nous* is very far from true.

A young boy (Joey Cramer) is whisked up by a flying saucer collecting alien life-forms and returned home eight years later without having aged. He thinks this is a misfortune, though to older viewers it will sound like the best idea since plastic surgery. Soon, however, the young ingrate is begging to be returned to square one, whether the UFO gamely endeavours to transport him. Fleeting out of the scene is a great test scene at Sardinia is played by Mr Allan and Sean Baker as a ferocious brawl under a glowing canopy, suddenly overcast with new of Portia's death by swallowing fire. This suicide transfigures Mr Allan, who borrows the letter as he consumes the news and colours with his thoughts the great speech after it, gradually acknowledging the demands of fate and his own destiny. This is what makes the character the most memorable in the play; in contrast, the birthday conversation to fatalism of Cassius is Damascus-like, and it is no fault of Mr Baker that, in spite of exerting us with the account of his brother's death upon each other, his death is unmovable and unchangeable.

These later scenes are less successfully staged than the first half of the play, in which

## Julius Caesar/Stratford

Michael Coyne

Shakespeare's Stratford-upon-Avon has been a little like Caesar's Rome these past couple of days, the troubled Avon chafing with her shores and boiling over, brown and billious, into the adjacent meadows, a nordic aftermath to the Warwickshire rains. No sign yet, though, of upheaval in the Citadel. The mayor, I note, was ferried, beaming and unscathed, from a lunch date in the Town Hall on Wednesday.

Terry Hands, the newly ennobled poet, has solved the problem of where to place the interval in *Julius Caesar* by dispensing with it altogether. His last two and a half hour revival which opens the main house season, is a fitfully spectacular and finally disappointing, though it does improve upon recent disasters with the play at this address. It emerges clearly as Brutus's play, and not just because Roger Allam invests the role with a sense of dramatic exploration of his own destiny and speaks the verse so well; the ebb and flow of the action is clearly dependent on the tide in his affairs.

Ralph Harry recently argued that the Roman-ness of the play pre-empted such restrictive design practices as fascist overthrows in leather-clad jupes or Latin American military overhauls. Hands has made us startlingly aware of Rome as a place in its own time, a place where citizens who disrobe statues are suddenly put to silence when everyone is analysing their dreams, and where the act of murder is a philosophical variation on the new code of suicide — a deed in fashion. Harry calls it, unthinkingly, of Doug Lauder's play down the road.

The energy drains out of the play after the death of Caesar, just as it drains out of Brutus and Cassius, whose great test scene at Sardis is played by Mr Allan and Sean Baker as a ferocious brawl under a glowing canopy, suddenly overcast with new of Portia's death by swallowing fire. This suicide transfigures Mr Allan, who borrows the letter as he consumes the news and colours with his thoughts the great speech after it, gradually acknowledging the demands of fate and his own destiny. This is what makes the character the most memorable in the play; in contrast, the birthday conversation to fatalism of Cassius is Damascus-like, and it is no fault of Mr Baker that, in spite of exerting us with the account of his brother's death upon each other, his death is unmovable and unchangeable.

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## Laburnum Grove/Watford

Martin Hoyle

First When We Were Married in the West End; now *Laburnum Grove* at the Palace, Watford. Until recently dismissed as standby fodder for provincial rep, J. B. Priestley's comedies are responding to loving treatment and emerging as solid, shrewd and kindly as their author's native comic.

Not that this 1933 success is set in Yorkshire. "Snooter's Green, one of north London's newest suburbs," one suspects in a Bertalan's Metroland, with its tea-rooms, picture-palaces and semi-detached villas. None more demure than Ferndale, home of George Radburn (that nice, honest, steady old thing" according to his wife) who suddenly admits to an international criminal career before his appalled family over Sunday supper one tranquil evening.

Waves of warmth and recognition greet Trevor Peacock's misanthropic, miserably throwaway comic touch. This is the lower middle class that Coward mocked in *Fumed Oak* and romanticised in *This Happy Breed*. Priestley firmly avoids both extremes and leaves no doubt that his sympathies lie with the aspirations and frustrations of little people who have weathered "all these bad times" of the Depression.

Normal Coster's set boasts the right mirror, wireless and gramophone — but surely these Peter Scott-type china ducks are a trifle premature? Wendy Toye, a veteran producer and dancer and former member of what the programme charmingly calls the Earmango Society (Camargo is pinning it in her grave), uses relaxed, traditional direction to evoke the good comic performance of Julian Fellowes's not quite properly-accented sponger with his interminable and probably spurious recollections of the Far East. Sophie Thornehill, a vulnerable 20-year-old, comforting along with Henry Hall; and above all, Edith Turner, smouldering with disgruntlement and livid with outrage as the impoverished sister-in-law. Whether prophesying a nasty surprise or mourning a medium-coloured man "in the cards or hissing 'Stewed fruit'?" This is no time for stewed fruit" at George's emergence as a public enemy, Miss Turner is superb. "I don't want garden rubbish. I want the truth!" is an affirmation of unshakeable suburban propriety as the world crumbles about her.

## Saleroom/Antony Thornecroft

## Striking clock price

English furniture remains much sought after. Christie's sold yesterday a tall clock, totalling £2,314,180, with only 3 per cent unsold. The most remarkable price was the £220,000 paid by the London dealer R. A. Lee for a Queen Anne ivory-japped longcase clock made in London by Daniel Quare, estimated at a top estimate of £50,000.

Another London dealer, Gabor, bought a George III mahogany breakfast bookcase for £165,000, compared with a £30,000 top estimate. The bookcase is based on a design from Sheraton's "The cabinet maker's" and upholsterer's drawing book.

A Queen Anne walnut bureau cabinet also beat its top estimate, at £23,500, while Partridge paid £22,500 for a set of eight George I walnut and burr walnut dining chairs. Obviously the London dealers are in an optimistic mood, and are stocking up for the Grosvenor House

## Arts Week

Continued from Page 22

luna, made up of fruit, vegetables and ears of corn. The exhibition contains works by Archibald's predecessors, such as Leonardo, Durer and Bosch, as well as those of artists active in the early years of the 20th century. It attempts to draw links — some obvious (Dali, de Chirico, Man Ray and Duchamp). Ends May 31.

Museo, Pinacoteca di Brera: Impressionist Paintings from American Museums — 47 works from the splendid collections held by the Metropolitan in New York and the National Gallery in Washington. Includes works by Bonin, Cézanne, Crot, Degas, Van Gogh, Monet, Pissarro, Renoir and many others. Ends May 10.

Roma, Palazzo Braschi (Piazza San Pietro): Luis Duro (1749-1819): Italian landscapes at the time of Goethe. Delightful exhibition of watercolours and coloured engravings (from the Duro Museum in Louvain) of the monuments and places around which would have figured in any self-respecting eighteenth century grand tour: Trevi, Vesuvius, Pausanias and Pausanias (Virgil's Tomb). The exhibition is held in the sumptuous palace which Pope Pius VI built for his family, and on show here is Duro's account of that same Pope's visit to the reclamation works on the Pontine Marshes in 1783. Ends May 3.

## SPAIN

Madrid, Diego Rivera: A retrospective 20th century top exponent of Mexican art, this show offers an ample collection of his works, including film with his fresco murals, 100 oil and tempera paintings, 110 book illustrations. Castro de Arte Reina Sofia, Santa Isabel 32. Ends June 7.

## NEW YORK

IBM Gallery: This free exhibition space brings to New York shows of art elsewhere, like the present offering of Pacific Island masks and statues from the Tribal Art Centre in Basel and Mexican textiles from 85 tribal weavers. Ends April 23.

Metropolitan Museum: 48 Impressionist and Post-Impressionist works from the Courtauld Collection tour America, including works by Cézanne, Matisse, Renoir, Seurat and Gauguin. Ends June 21.

## WASHINGTON

Smithsonian: 30 paintings from the permanent collection trace the use of bridges as symbols of modernity and the past in works by Thomas Eakins, Winslow Homer, Raphael Soyer and Louis Lowmick among others. Ends May 24.

## CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

Art Institute: The 1935 Grand Palais exhibit of Lartigue's 1920s photographs shows the evocative penmanship and fleeting moments on the streets of Paris between the wars. Ends June 28.

## TOKYO

Paul Gauguin (1848-1903): In Search of Paradise. This large exhibition comprising 151 oils, woodcuts, sketches and some sculpture reflects Japan's love-affair with European Impressionism and Post-Impressionism. The first style of Western art encountered by the Japanese when the country opened up to the West

## NEW YORK

In the late 19th century has reached farthest. Works in this exhibition include those from Gauguin's earliest period, showing much affinity to the style of his contemporary and close friend, Van Gogh, and his mature Tahiti work of bright colours and bold patterns. Note the dramatic contrast between Two Nudes on a Tahitian Beach with the water lilies at Dijon. There is much evidence of Van Gogh's oriental influences. National Museum of Modern Art, Takebashi, near Omotesando business centre and Imperial Palace. Ends May 24.

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Friday April 10 1987

# Mr Gorbachev in Prague

IF Mr Gorbachev's visit to Prague, which finally began yesterday after several days' delay, has been surrounded by an unusual amount of mystery and speculation, that is hardly surprising. When the Soviet leader is preaching glasnost and is taking the first steps towards reforming the Soviet economic system as well as allowing Soviet citizens greater freedom of expression, a visit to Czechoslovakia is a highly sensitive matter. It was, after all, precisely to clamp down on "socialism with a human face" in Czechoslovakia that Soviet tanks invaded the country in 1968 and put an end to the hopes of a new dawn in eastern Europe raised by Mr Alexander Dubcek's Prague Spring.

Mr Gorbachev has already given sufficient indications that he wants to distance himself from the domestic and foreign policies of his predecessor, Mr Brezhnev, to cause some anxious fluttering in the dovetails of that Czechoslovak Communist Party. Having been thoroughly squashed by Moscow 19 years ago, the Czechoslovak leadership which replaced the Dubcek regime has been more careful than that of most other Soviet satellites in toeing the orthodox Brezhnev line. Indeed, many of the leading figures in the Politburo, including Mr Gustav Husak, the president, are still the same as those who came to power in the purge which followed the dramatic events of 1968.

## Hardline opponents

Their economic policies have been cast in the same sterile mould as their political orthodoxy, though Mr Husak has started paying lip service to Mr Gorbachev's new approach and a modest industrial reform programme has been announced. It remains true, however, that what was once the power house of central Europe, with thriving engineering, car and arms industries, to name but the most obvious sectors, has become progressively an industrial backwater. It has been unable to adapt either to the rapid technological progress of the past two decades or to the needs of the market place. In Czechoslovakia, therefore, is something of a test case for Mr Gorbachev. To accept the present situation would be tantamount to telling the world that what is desirable reform for the Soviet Union are not for

export to any other eastern European state. He also knows that he could win a lot of friends in the West, when he is advocating disarmament in Europe, if he were to renounce publicly the Brezhnev doctrine, under which Moscow claimed the right to intervene militarily if any of its allies stepped seriously out of line. Last but not least, the Soviet Union is anxious to restore Czechoslovakia as an efficient supplier of high quality industrial equipment.

At the same time, Mr Gorbachev's room for manoeuvre is restricted, not only by his hardline opponents at home, but by the vested interests of a Czechoslovak leadership which sees its own position threatened by too much glasnost.

## Greater freedom

By contrast, more discreet economic reform movements, such as that in Hungary, were allowed by Moscow to proceed without the sanction of military intervention. They have even been held up as examples of how the Communist system can be modernised without undermining its cherished Marxist-Leninist foundations.

One of the advantages of the step-by-step approach is that it allows a progressive renewal of the party and government machine which is a condition for any effective implementation of new policies and helps to prevent political and administrative chaos.

Mr Gorbachev will therefore have to tread carefully in spreading the gospel of glasnost in Prague. Yet if he does no more than sow the seeds of reform and greater freedom during his visit, that would be warmly welcomed in a country which has had more than its share of Communist orthodoxy.

# Civil service resentments

THE UNEMPLOYED in the North West, who will get no benefit this week, or the small businessmen who will get no VAT rebate, are already sharply aware that the ordinary clerical workers in UK public services, who do the donkey work of making policies happen, are in a similar predicament. At Westminster there has been little visible reaction until now, but ministers ought to take this problem seriously. The dispute involves only two of the half-million civil service trade unions at this stage, but it could quite shortly restart the repressing and damaging seven-year cycle of enforced restraint, rationing and disruption which has in the past been resolved by huge catch-up awards. Mrs Thatcher, whose economic policies in her first year in office were completely disrupted by an award, is not likely to underestimate the danger now.

The most suggestive feature of the present disputes is that the union members are proving more militant than their official leaders expected. The leadership of the Society of Civil and Public Servants, whose members man the welfare offices, had put the Government's 4.6 per cent pay offer out to ballot expecting that it would be accepted. The vote against the offer represented only a minority of the total membership, since more than a third did not bother to vote; but support for the local disruptions which are in progress has been impressively solid.

## Clerical coalface

This suggests that the threat to disrupt port traffic, car registration and VAT collection later this summer must be taken seriously; and although on political grounds the Government might well expect to gain a balance from a summer of discontent, it would be dangerously short-sighted to let things slide. Indeed, the Government's strategy, as shown in the constructive long-term deals already struck with some senior civil service, the inland revenue and the prison officers — is anything but confrontational.

These deals have all offered really substantial salary increases, underwritten for the long term, in return for what the Government regards as solid

benefits — flexibility between grades, the opportunity to reward performance, and greater freedom to respond to regional VAT rebates. This is clearly the right way forward; but no such deal has been offered to the more junior clerical workers now in dispute. The Government has offered to discuss a long-term deal, but with none of the sweeteners offered to the specialists, and none of the advantages to the Government either. Industrial relations imagination seems to have failed in contemplating the problems of these clerical coal-face workers.

This could prove worse than unforseen, and in that sense it is a relatively slow-moving dispute. The Government should be seeking to win back the initiative, rather than sticking solidly on its offer, which is clearly unacceptable, even if it does look arithmetically perfectly reasonable. This means filling in what is now lacking: a clear idea of what the Government wants, management terms, from the clerical rank-and-file.

## Efficiency gains

While the Government is not here competing in the market for highly-valued skills, as it is where scientists and tax specialists are concerned (and arguably also in their nursing profession) it must still hope to gain advantages from more flexibility and wish for more regional differentiation. Effort may also be needed to define performance standards, so that individual efficiency can be rewarded. A less delivering advantages of these kinds could well justify a more generous pay offer.

Finally ministers should take to heart the recent study by consultants which showed a long underlying resentment about status and appreciation of work done. In an election atmosphere Conservative speakers routinely win applause with jibes against bureaucrats. An unexpected word or two from a really senior minister in appreciation of the very real gain in efficiency which have already been achieved in the public service, and of the tough conditions which are often met in the classroom or the welfare office, just as they are in our overcrowded prisons, might do much to sweeten the air.

## EUROPEAN HELICOPTER PROJECTS

# Two's company three's a crowd

By David Buchan, Defence Correspondent

NINE YEARS AGO, in the 18th-century splendour of Ditchley Park in Oxfordshire, the national armaments directors of Britain, France, West Germany and Italy made a very 20th-century pledge: to pool their efforts in developing and producing military helicopter.

Today this high ambition is virtually forgotten as different groupings of European nations pursue four different helicopter programmes, two of them in such direct competition that the attack helicopters involved will carry exactly the same weapons.

Britain yesterday pulled out of the most multinational of these programmes, the one known as NH 90 (standing for Nato Helicopter for the 1990s). This leaves Italy as the most common denominator in European collaboration, as the only country involved in three of the four Euro-helicopter projects.

The British decision — which also included an order for 25 utility or transport versions of Westland's EH 101 helicopter — was neither irrational nor un-European. The British army has, after much procrastination, joined the Royal Navy in wanting a fairly big (13 tonne) helicopter, like the Anglo-Italian EH 101, developed jointly by Westland of the UK and Agusta of Italy, and therefore has a lesser and later need for any of the smaller 8-9 tonne NH 90s.

But by virtue of the fact that it had (until this week) five participating countries, the NH 90 programme had potentially the biggest production run — 700 machines — and thus the biggest potential development savings and production efficiencies.

Contrary to the general trend in which the numbers of countries collaborating on a single piece of defence equipment are growing, helicopters seem to demonstrate the old maxim of human behaviour that while two are friends, three (or more) is a crowd. Europe, it would appear, is tending to split off: Britain and Italy mainly in one camp, France and West Germany mainly in another, and smaller countries spread between (see table).

If there were not a serious recession in the civil helicopter market, this tendency would not matter. Bilateral military programmes can achieve reasonable production runs if they generate sizeable civil sales, and that is precisely the Anglo-Italian hope with the EH 101, which will have a civil variant. But civil demand for helicopters is low, due to the drop in offshore oil work and to environmental concerns about urban helicopters.

This trend has not been carried over to the other European country is tempted again to try to make by itself the sort of modern military helicopter which only the US and Soviet Union can turn out solo. It is a matter of market. The big four European countries, with a single helicopter-making company each, have together some 3,500 helicopters in their military inventories. The US, equally with four helicopter makers, has more than 10,000 in military service.

European or Nato collaboration has long been preached to the point of becoming a platitude, as essential to obtain R and D costs and standardise equipment between allies. It also enables relatively small companies, such as Westland, which is unique among the top eight US and European helicopter makers in being neither part of a wider conglomerate nor state-owned, to stay in business.

So, the superpowers have made more specialist machines, particularly attack helicopters; first the US with the Apache, then the Soviet Union with its Mi-24 Hind gunship at work in Afghanistan. And the Europeans have tried to follow. But collaboration means compromise. Keeping compromise to a minimum often means keeping participants in a joint project to a minimum.

This, plus a heavy dose of politics, is why Europe has four programmes going: —  
 • The 5500m Anglo-Italian EH 101 development programme is

## WHO COLLABORATES WITH WHOM

	NH 90	CATH	EH 101	A 129
Britain				
France				
West German				
Italy				
Netherlands				
Spain				

For all its present perturbations, European Helicopter Cooperation has had its successes. For instance, Agusta of France and Westland have, since 1967, co-produced more than 2,500 Gazelles, Pumas and Lynxes (now to include an extra build on the Anglo-French UK Defence Ministry) admittedly helped for much of that time by more buoyant civil demand. Indeed, it was partly to build on the Anglo-French achievement (soured slightly on the British side by the French Government's failure to buy as many of the collaboratively produced machines as UK government did) that the Ditchley Park commitment was made.

The major European countries are all renewing their fleets. They will need some 1,700 new machines by the end of the century (according to a recent Western European Union (WEU) study) to perform three basic roles — to attack tanks, ferry troops, and detect and target naval vessels. The National Man, into whose shoes the WEU daintily put itself, would suggest some development of one light attack helicopter and one medium-sized transport and naval helicopter, with any national variants being derived from these two main types.

But the National Man would

essentially driven by the Royal Navy's desire for a very capable anti-submarine warfare (ASW) machine, though an EH 101 transport is now to be bought by the British army and a civil version also developed.

The Royal Navy, with 300 machines, is a relatively big user of helicopters compared to the other UK services and other Nato navies. For the Royal Navy, the ASW helicopter has, in the words of a UK parliamentary report, "provided the means of restoring to surface forces the speed advantage seized by the submarine in the advent of nuclear propulsion." With a 13 tonne, three-rotor EH 101, the Royal Navy will be able to chase Russian submarines, track them with dipping sonar, and fire two Stingray torpedoes at them. The ASW programme started later, with the feasibility study completed last October. It is designed for those navies with smaller frigates (the planned HMS Dryad for the 1990s would raise two of them), and for those armies which want to ferry their men around in batches of 15 or so.

The British army thought it belonged to this latter category, but in 1985 it began to think, and by this spring it decided that it wanted to move

its men by the platoon (32). Hence, the decision to buy EH 101 transports and pull out of NH 90.

• The Agusta A129 anti-tank helicopter has been accepted by Britain, the Netherlands, Spain, as well as Italy as the basis for collaborative Tonal Light attack helicopter to enter service in the mid-1990s. The total requirement of the four countries is estimated at around 225.

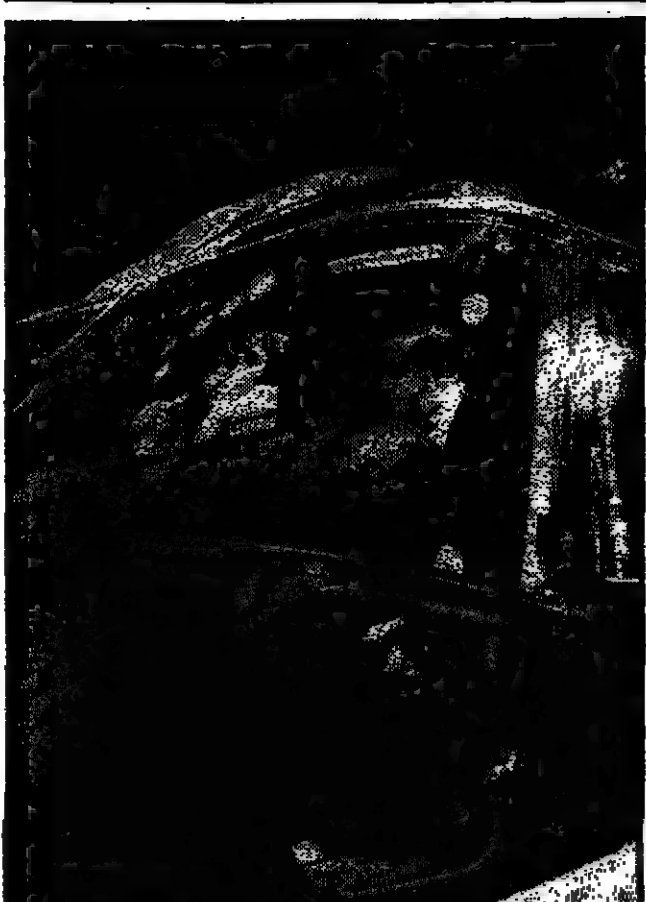
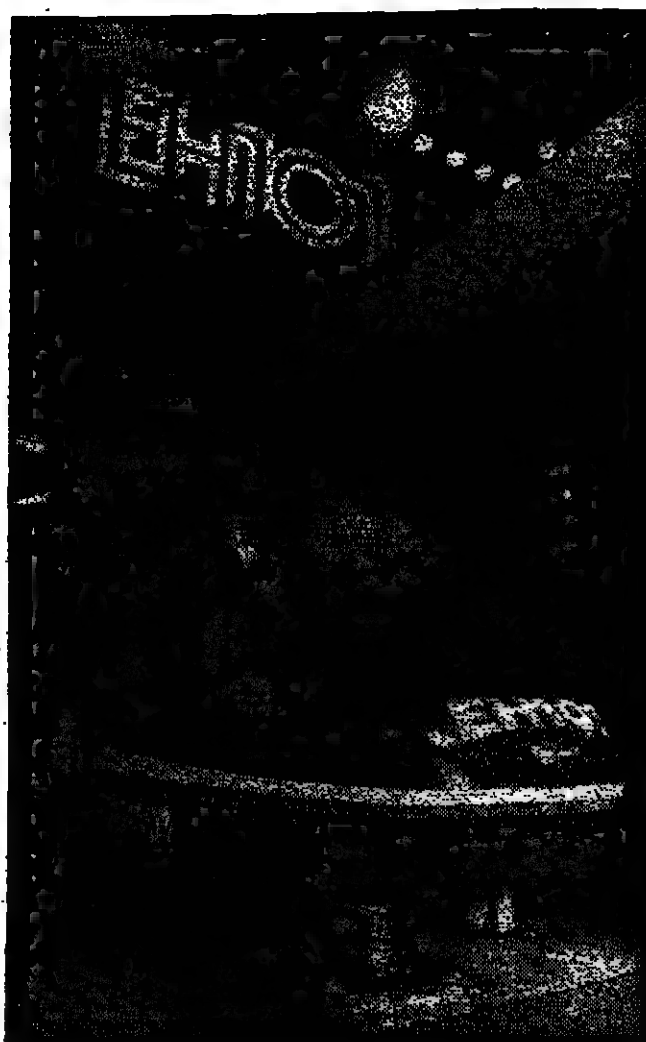
• The Franco-German common anti-tank helicopter (CATH) project has been an on-and-off saga for years. Started in the mid-1970s, formalised in 1984, rescued this March, the project now concerns just one type of anti-tank helicopter, instead of the three variants originally planned. But it is still subject to further government and industry cost negotiations before development starts.

It has been bedevilled by Bonn's desire to have the most capable anti-tank machine possible on the central front with the latest visions, from the US if necessary, and by Paris's wish for a lighter helicopter entirely European made. The only glue that has held it together for so long has been the desire of both countries to have a major new arms co-operation project to reflect their increasingly close links on general defence issues. Various attempts have been made to merge Europe's two attack helicopter projects. Mr Gerard Ribon, senior vice-president of Aerospatiale, recently suggested that logically the Tonal consortium should join the revived Franco-German project, because both systems would use the third generation anti-tank (Triton) weapon that most of Europe is developing. But the Tonal project looks set to continue separately.

"It is hardly the best possible solution," admits one senior UK defence official, "but not is it a mess, more like flexible rationalisation," he says. The important thing, he adds, is that Europe will be capable of replacing all its current helicopters, except for the heavy Chinook range made by Boeing. There seems no desire in London for British helicopters to be replaced by the largest of the European helicopter makers, the semi-owned Aerospatiale, which it has no other replacement for its SuperPuma range.

Equally, the position of Britain in European collaboration has, if anything, been strengthened by this week's decision, throwing Westland a European lifeline in the form of EH 101, rather than an American one in the shape of orders for the Westland-assembled Black Hawks of Sikorsky.

European fears that West-



Mr George Younger, Secretary of State for Defence, inspects the cockpit of the Anglo-Italian EH 101 helicopter after the roll-out ceremony at Yeovil on Tuesday.

land, by accepting Sikorsky as a major shareholder, would than their American rivals — become an American Trojan. Boeing Vertol, Bell, Sikorsky, and McDonnell Douglas. To achieve that, and to be ready to deal with the challenges of the next generation of helicopters, the Europeans no better placed to deal with the underlying problem that they all their resources.

## Maxwell marches into Spain

Fresh from his triumphant entry into French television, as part of the Bouygues consortium, Robert Maxwell is bouncing his way along the Napoleonic path towards a new conquest of the Iberian Peninsula.

Timing his expedition impeccably, just as Spain's new private television bill is getting its first public airing, he is doing his best to grab the prize. An audience with King Juan Carlos he kept prime minister Felipe Gonzalez talking yesterday for well over an hour. Strictly private, said official quarters, he is off to Portugal to tackle socialist president Mario Soares on the same subject.

Maxwell's ambitions in continental broadcasting run to production companies in both France and Spain, and to satellite television. The French version in his favour, makes participation in a Spanish channel more likely. Maxwell says, "It makes me a very acceptable partner."

Spain plans three new channels. But Maxwell makes clear

## Men and Matters

that, "We expect ours to be on the first."

His list of potential partners is headed by Frías, the publishers of the Spanish daily paper El País.

## Bond service

No one could accuse Alan Bond, the Australian businessman who won and lost the America's Cup, of being a shy man. Bond, in London yesterday to promote his plans to float off his radio and television interests in a new company, Bond Media, started analysts and merchant bankers by revealing that he had a 20-50 year plan for his company.

Bond, Australia's largest brewer who first began moving into television three years ago, explained that "one of the areas where much of the world has fallen behind Japan and will begin to fall behind even China is that we are not planning long term."

Since buying the television interests of Kerry Packer, Bond has put together the first commercial network in Australia, entering through his stations in Brisbane, Perth, Melbourne and Sydney for 87.6 per cent of the Australian viewing public.

But that is small beer compared to Bond's 20-50 year plan. "I believe that Bond Media will have the ability to convey news and entertainment to billions of people throughout the world as markets open up," he says.

The aim is clearly to do for electronic media what that former Australian, Rupert Murdoch, has done for print.

## Berry's boat

Tony Berry, chairman of Blue Arrow, a British company that he and many of his backers

believe is on its way to becoming the world's top employment services agency, is joining forces with Peter de Savary to mount a British challenge for the America's Cup in the 1990-1991 contest.

This is not just another team effort by a couple of star-struck yachtsmen. Berry says he has never been on a boat in his life. He is simply investing promotional money — some \$5m — to spread the good name of his business, which went on to the unlisted London securities market just three years ago, is now capitalised at \$260m, and is still growing fast.

De Savary, who led a British challenge for the America's Cup in 1983, is very much the junior partner in the enterprise. He is putting in £2m. But he will be the man in charge of the sailing and boat design programme. In this deal he may have found just the right business vehicle to give him the recognition he looks for as a folk hero who brings the Cup back to Britain.

## No future

How will Whitehall treat a piece of crystal-gazing on which the "Little Noddy" for information technology has laboured for the past three years?

Professor John Ashworth, vice-chancellor of Salford University, who has been chairman of the IT Noddy while the forecasters have been working out what the industry could mean to Britain, is pessimistic.

The Whitehall structure is "wildly inappropriate," he said yesterday. "There is no Department of the Future." And he treated his audience to an entertaining account of how "the machine" would set about burying the IT report.

All this provoked apoplexy in Brian Smith, a few seats away.

Smith, a computing expert and former senior Treasury official who had taken part in the study, called Ashworth's scenario "a caricature of what goes on in government."

The study would go to the Department of Trade and Industry, he said — and to Geoffrey Pattis, minister for IT, who would be in charge of the "things he really wants done."

Meanwhile, Alan Benjamin, who headed the group of crystal-gazers who was yesterday sandwiched between the disputants, forecast gloomily that Britain being what it is, the best market for his £20 forecast of technological life in the year 2010 could well be Japan.

## Heavy water

Atlantic Computers' chairman, John Foulston, is keen to talk about his company's rapid growth from a market capitalisation of just £10m four years ago to one approaching \$500m after yesterday's merger with Comcap. But he seems to have developed a mercurial attitude towards companies now much smaller than his own.

Yesterday he was telling the City how he wanted to mark Atlantic's transformation from a computer leasing company to an international technology services group by dropping the "Computers" suffix from its name.

Unfortunately we haven't been able to yet, because there is a very small double-glazing company somewhere which already has the name. We have to go and talk to them," he said, adding ominously: "We shall be taking some of our larger executives."

## Head count

For the comparatively few men who have everything (and have not gone bald with worry getting there) the Shiden count brush (Japanese, of course) gives a digital count of the number of strokes made when brushing your hair.

EBEL architects du temps

TURLER



## Politics Today: West Germany

## Playing in a totally different league

By Malcolm Rutherford

AS A relatively infrequent visitor to West Germany nowadays, I have been hesitating to comment on a country that I used to know well. Yet there is one impression that grows stronger every time I go back and which seems worth noting. It is that the Federal Republic is becoming increasingly different from the rest of Europe.

There is nothing pejorative about this. What is happening is not necessarily either good or bad. But anyone trying to understand West Germany should take on board the possibility that it is not the place it used to be, either in its relations with the rest of the Continent or in the way it sees itself.

The evidence is largely anecdotal, but it is cumulative and it does add up to a striking change in attitudes over time.

Twice recently I have travelled across large parts of Baden-Wuerttemberg by car. It is like being on another planet. The towns and villages are small; the communications good. Affluence is all over the place. There are still simple country folk, but they are noticeably well-dressed. The local band will turn out to give a performance on virtually any prompting. It is a land of high technology where the old world

and the new seem successfully to have come together.

It is the same with much of Bavaria. The prosperity of the German south marks it off from the rest of Europe.

There is another phenomenon. The Germans seem to have done something about the noise level. Sound is muffled. You can sit in a room with huge building works going on outside and hardly hear it. Everything has been insulated. Even Frankfurt airport, which now contains a small Harrods, seems relatively quiet.

Something is happening about the language, too. At the annual Anglo-German conference in Koenigswinter last weekend, the German participants were under virtual instructions to speak German during the formal sessions. That did not happen before. They used to like to show off their English. Now, however, there is a fear that German is a bit of a dying language. It is not international like English, French or Spanish. Therefore it must be preserved and used as much as possible.

Last week a fairly prominent politician went to see Chancellor Kohl to talk about the present state of the European Community. "What did the Chancellor have to

say?" I asked him. "Well," he replied after some thought, "he said that Germany was bigger than Europe."

This awareness that the Federal Republic may be less interested in the Community than it used to be, again last week, to the entire European Commission arriving in Bonn from Brussels to talk to the German Government about Community problems. That has never happened before to a country not currently holding the Community presidency.

The intellectuals at the Koenigswinter conference, British and German alike, spent their time hearing Mr Kohl for his alleged inactivity. Somebody said that the next time he held elections nobody would bother to turn up because he was incapable of using a telephone when he had one.

It is a bit like Mrs Thatcher in Britain. One cannot help thinking that the intellectuals are wrong and that Mr Kohl may be right. Like Mrs Thatcher, he is very good at winning elections. Last Sunday the Christian Democrat-Liberal coalition—the same mould as

in Bonn—won control of the state of Hesse for the first time in years. It is just that the German Chancellor seems to have no particular desire to wield power for its own sake. He may look sleepy, but it is the sleep of the self-confident.

Perhaps behind the doze, however, he has caught the German mood. This is that in matters economic, Germany really belongs to the big three: Germany, the US and Japan. That, I suspect, is what he meant by saying that Germany was bigger than Europe. The remark was not anti-European; it implied that Germany was capable of playing in the big league and that the other Europeans sometimes held it up.

By way of illustration, a member of one of the big German chemical companies told me a story of how his industry was dealing with Japan. The Japanese, he said, were gradually opening up their markets. There was no point in threatening them with trade wars and gestures of reciprocity. The trick was to challenge them on their own ground.

Admittedly, he was talking

about chemicals in which the Germans are very strong and the Japanese still relatively weak. But what his company was doing, he explained, was going to Japan, picking up graduates from the University of Tokyo, paying them large sums of money and bringing them to Germany. (The money really is very big: it includes a lifetime pension for the graduate's mother and father, plus a lump sum and a guarantee that the graduate will never be sacked.)

After training in Germany, the graduate goes back to Japan and takes part in a 50-50 joint venture which the German company expects to buy out as it expands. In that way the Germans establish their hold on the Japanese market.

When I discussed this with a German banker, he said that the Japanese were being brainwashed, but that it was a very effective way of dealing with them.

How does that square with the recent dismal German economic growth rate—zero in the last quarter of 1986, probably the same in the first quarter of this year and perhaps no more than 2 per cent for 1987, as a whole?

There are several possible answers. One is that it is stagnation at a very high level, accompanied, incidentally, by a negative rate of inflation. Another is that the growth rate figure is, by definition, an average: the German steel industry, for example, is in very serious difficulties while other sectors are expanding.

But the real answer, I think, is that much of Germany is having a rest while it decides what to do next. If it has retreated into itself a bit, it is not because it is on the rim. It is because it thinks that in many ways German standards are higher than those of the rest of Europe.

It will be interesting to see what happens when it wakes up. And Chancellor Kohl will have a chance to show more of what he thinks about the European Community when his country takes over the presidency in the first half of next year.

● Chancellor Kohl: capturing the German mood.



AT 8.15 on most mornings a group of pensioners gathers on the corner of Church Avenue, Brooklyn, waiting for the bus to Atlantic City.

The bus is punctual and warm and the driver is an old friend. The passengers unwrap the Daily News or pore at the bus plunges through a sunny, monotonous landscape: pinewoods and then the pinewoods again and then the parking lots, run-down houses and boarded-up shops that are the outer defences of the world's greatest and saddest resort.

In the car park beside a casino hotel, the passengers descend, gingerly holding the door rail. They are given \$15 (\$3 in quarters and a \$5 (\$2) return voucher by the house and watch into the perpetual night of the casino floor.

These pensioners are the grist in the Atlantic City mill. You see them at Caesar's World or the Claridge, luddled before slot machines that swallow their quarters five at a time in a tense metallic clatter. You see them at the Tropicana and the Golden Nugget and at all the 11 casinos that line the boardwalk.



the wooden promenade which is all that survives from long-ago days when Atlantic City was a fashionable beach resort. Most of the pensioners lose their allowances and a few dollars more, one or two win and three couples do not play at all.

## Blight behind the boardwalk bonanza

By James Buchan in Atlantic City

They take the bus ride every day and pocket their quarters. That's \$40 profit per couple a week after bus fare," says the bus driver, in admiration.

Atlantic City's casinos have always offered inducements to losing money. "I guess we always had bus wars," says Mr Steven Norton, vice-president of Resorts International, which pioneered gaming in Atlantic City in 1978. But after eight years of spectacular growth and fat profits, the casinos are having to fight for their elderly custom. And with the onset of competition, casino ownership is being consolidated drastically as the stronger players, such as Mr Donald Trump, the New York real estate developer, solidify their market position.

Atlantic City's market, which consists of low rollers from the north-eastern US, has reached saturation at about 50m people

at the worst possible time. A host of new tables and slot machines are about to open on the boardwalk. Without an air-conditioned casino (even a railway station) and only a cramped convention centre and a tenth of the hotel rooms offered by Las Vegas, Atlantic City has little chance of competing with the Nevada resorts for the high rollers.

The casino's revenues, which were increasing at 35 per cent a year at the beginning of the 1980s, are now growing at only 7 per cent a year. The industry's once fabulous profitability, which allowed the pioneers such as Resorts and Caesars to recoup their investment in a couple of years, has been whittled down by competition to about 4 cents after tax for each dollar of revenue, according to Mr Marvin Montemayor, an analyst with the Philadelphia brokers, James Montgomery Scott.

The meagre pickings will have to be shared with a twelfth casino, the Showboat, which has just opened on the boardwalk, an expansion at the Tropicana and, from the end of this year or early next, the Taj Mahal, which will be the largest casino in the world.

For the authorities in the city and the state of New Jersey, the galloping maturity of the casino market is an embarrassment. Although the casinos have created 40,000 jobs, have poured about \$150 into the state's tax coffers and are now required to invest a portion of revenues in city development bonds, "the balance of the city is a glum," says Professor James Hughes, a professor of Urban Planning at Rutgers University and an outspoken critic of gambling in Atlantic City. The pervasive atmosphere of blight, hampers attempts by the casinos to

attract new types of custom. Last year Wall Street became disenchanted with Atlantic City's casino companies and stock prices were depressed. "Many of the casino companies were selling at discounts to their underlying property value," says Mr Steven Eisenberg, an analyst at the Wall Street investment firm, Bear Stearns. Eventually, the stock prices of existing casinos began to look like bargains especially as the cost of the new casino, the Taj Mahal, was rocking out of control. It is now expected to cost \$325m to build—about \$200m more than its original budget.

There has been a flurry of takeover activity, with an offer last month for Caesars World from Mr Martin Sonoff, a fund manager who had long pressed for board representation, and the purchase for \$450m of the Golden Nugget by Bally Manufacturing, the Chicago slot machine maker.

But the man likely to dominate Atlantic City gaming is Mr Trump, a developer whose eye for a real estate bargain and skill in completing building projects have made him one of the most powerful people in New York.

Mr Trump, 40, who has scattered New York with ostentatious but popular buildings named after himself, already operates two profitable casinos in Atlantic City, Trump Plaza and Trump's Castle. Last year, he built a war chest of some \$60m in profits by threatening two competitors—Bally Manufacturing and Holiday Corporation—with takeover and stampeding them into buying back his shares at a premium.

On March 9, Mr Trump hit the jackpot when he gained effective control of Resorts by persuading the founder's family trust to sell him its special heavyweight voting stock.

Because he only needed to buy a small proportion of the company's shares to gain voting control, Mr Trump will pay \$101m "to control real estate holdings of \$1bn," according to Mr Rothman.

These properties include about 30 per cent of the boardwalk frontage, 15 per cent of the entire assessed real estate of Atlantic City and the unfinished Taj Mahal. When the Taj Mahal is completed, Mr Trump will be master of "up to 40 per cent" of the Atlantic City market, according to Mr Walter Reed, chairman of the state's casino control commission.

Mr Reed says the commission, which is credited with keeping organised crime out of casino management, would not be happy with such a concentration of economic resources in Mr Trump's hands. "I read that they might rename the place Trump City," says Mr Reed.

It will not come to that, but even if Mr Trump closes down some of his gambling capacity, he will still be Atlantic City's Mr Big.

## Letters to the Editor

## The backgrounds of Japan's prime ministers

From Mr J. Stockwin, writing on Japanese politics (April 4), says that "all post-war prime ministers, with the exception of Mr Tanaka, were former bureaucrats." This is incorrect. The prime ministers Higashimura (1945), Katsuyama (1947-48), Ashida (1948), Hatoyama (1954-56), Miki (1957-70), Suzuki (1959-62) also had no bureaucratic background.

Moreover, the present prime minister, Mr Nakasone (1982), is an extremely marginal case. He entered the Home Ministry in 1951, straight from university, but was then immediately conscripted into the navy.

After being demobilised at the end of the war he worked for the police authority for a couple of years before entering parliament in 1947, where he has remained since.

Arguably, therefore, during the 15 years since 1972, former bureaucratic prime ministers have presided over Japan's affairs for less than four years between 1976 and 1980.

Mr, however, applaud Mr Holberton's conclusion that "Japanese policymaking is different, but not inscrutable." I prefer this to your own reference, Sir, in your Editorial of the same date, to the "inscrutable Japanese faction

system." Surely by now we have come far enough in our understanding of Japanese affairs to abandon once and for all this ghastly and misleading word which represents the ultimate excuse for so poor an analysis.

It is to be hoped that in the present crisis in our relations with Japan a cool, analytical and informed approach—as represented almost always by the FT—will be allowed to prevail.

J. A. A. Stockwin,  
Nissen Institute of Japanese Studies,  
1, Church Walk,  
Oxford.

## Investing in sales

From Mr Philip Oppenheim, MP

Sir,—Japan does undoubtedly have a reputation for protectionism. This was certainly deserved in the past and is deserved at present in some areas such as whisky.

There must be at least a suspicion, however, that Japanese protectionism is sometimes used as a convenient excuse for the failure of European and American businessmen to make the kind of investment needed to sell in Japan. After all, how many Western businessmen in Japan even bother to learn Japanese?

Cable & Wireless are, however, making just the right kind of effort to get into the Japanese market. Unfortunately, we do not seem to be setting a Japanese very good example in this area. Few major Western countries even have second network operators, let alone allow foreigners to take large stakes in them. This is certainly the case in the EEC, and even in Britain the only licensed secondary operator is the British-controlled Cable & Wireless's Mercury.

It is also a fact that the Japanese market for terminal telecommunications equipment is now far more liberal than that of our so-called European partners. The Japanese may have been politically inept, considering their successes in Western markets, not to have allowed Cable & Wireless to take a large stake in the proposed second international network franchise, but in justice, they do have a case. Perhaps we should look to our friends in the EEC to give a lead in this area, though I hear no talk of retaliatory action against the French or Germans.

Philip Oppenheim,  
House of Commons, SW1.

## Situation in El Salvador

From Dr E. McGiffen

Sir,—Why was so much essential information left out of your recent article on El Salvador? You chronicle the activities of "death squads," but do not mention the many thousands of Salvadoran civilians who have lost their lives at the hands of the regular armed forces both from aerial bombardment and army operations. Nor do you qualify your description of the huge aid given by the US with any acknowledgement of the fact that between 1980 and 1985, 85 per cent of this aid was either directly or indirectly military in nature, while hardly any of it went for development work.

Some of your statistics seem to have been plucked out of the air. Which opinion poll provided the information that the armed opposition "are believed to have the support of 12 to 15 per cent of the electorate?"

President Duarte, you claim, would like to carry out land reform and reduce inequalities of wealth. Then why doesn't he do so? Land reform, dramatic improvements in health and the near-eradication of illiteracy have been achieved in Nicaragua under the most difficult of conditions. Until Salvador acquires a regime which, like the Sandinista and in contrast to Duarte, breaks decisively from the moral impediments who have ruled the region as their fiefdom for over a century, these improvements will not be emulated.

Unless the US abandons its hegemonic approach to Central America, this will be achieved, if at all, only by force of arms. Steven McGiffen (Dr),  
18 Holly Bank Road,  
Ruddersfield.

## TSB's Glasgow meeting

From the Secretary of the TSB Group

Sir,—I am sorry that Mr John Gale (Letters, April 3) is astonished to see that the TSB Group is to hold its AGM in Scotland, and that he considers that no regard is being paid to the convenience of shareholders.

Before TSB floated last year, we gave an undertaking to Parliament that we would incorporate TSB Group plc and hold our AGM in Scotland. This was a promise made to the 24m shareholders, there is no single location which could possibly satisfy everyone.

For this reason, we intend to hold regional shareholder meetings over the next three years in major centres throughout

the country. These will provide a convenient opportunity for as many as possible of our shareholders to meet and question TSB directors and senior management.

The first eight afternoon and evening regional shareholder meetings will be held in Harrogate, Womblesley, Birmingham and Manchester during the month immediately after the AGM on April 24.

Peter W. S. Rowland,  
Secretary,  
TSB Group plc,  
Milk Street, ECU.

## The centre of Britain

From Mr F. J. Polley

Sir,—Mr J. Gale expresses astonishment regarding the choice of Glasgow for the TSB AGM. I trust that he will be equally concerned if next year TSB chooses somewhere even further from the centre of Britain, such as London.

F. J. Polley,  
Sandford House, Sandy,  
Richmond, N. Yorks.

## Changing the system for taxing cars

From Mr H. Allsopp

Sir,—Concerning your contributor's article on rate reform (March 31) there has been one aspect only summarily considered by the Department of the Environment and even more summarily dismissed.

Last June I suggested to the Department that a poll tax by itself was a rather crude, blunt instrument. I suggested that additionally the road fund tax should be increased and the increase given to the local authority where the car owner lived.

My reasons for this and the

suggested advantages are as follows:

Car ownership is a more precise guide to individual prosperity, an important factor to bear in mind when true prosperity is masked by tax avoidance and evasion.

Cars are responsible for environmental deterioration, pollution and, with their ever-increasing girth for making impossible demands on road-space. They should be taxed according to their total perimeter.

Business cars should be taxed at twice the rate of private cars because private owners have already paid a hefty

whack in non-tax-avoidance. As a compensation for this, businesses should be allowed a certain latitude in the choice of business address for cars. This would allow them to put pressure on inefficient local authorities because businesses could take their tax elsewhere.

Electrically driven vehicles should be exempt from the tax. This should give a spur to Britain's inventing a new, ultra-powerful car-battery—a stimulus to our technology.

Alan H. Allsopp,  
78, Etwell Road,  
Birmingham 28

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## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Friday April 10 1987

**WOLSELEY**  
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FRENCH BANK POSTS 41% ADVANCE

## CCF puts profits up in lights

By GEORGE GRAHAM IN PARIS

CREDIT COMMERCIAL de France, the French bank, is putting its profits up in lights along the Champs Elysees, to launch its imminent privatisation.

The group, which raised consolidated net profits last year by 41 per cent to FF380.5m (\$59.4m), excluding minorities, has pinned an 80-metre long illuminated chart of its earnings growth to the front of its headquarters building along the main Paris avenue.

The group was completely restructured at the end of last year by merging the holding company, Compagnie Financière de CCF, with the main of CCF bank, which now becomes the group's parent company.

Mr Gabriel Palles, president of the CCF group, said the bank had recorded a "spectacular" 17 per cent growth in its deposits from personal

customers last year, thanks largely to its world lead in electronic home banking services.

Lending activities remained stable, but commission earnings rose by 18 per cent and now account for nearly a third of CCF's income. Lending by the parent bank declined by 7 per cent, despite a 16 per cent increase in personal sector lending.

Gross operating profits for the group rose by 32 per cent to FF1,167m, while realised capital gains, which were below average in 1985, nearly tripled to FF232.9m.

Consolidated provisions for bad debt risks rose more slowly than in recent years, climbing by 10 per cent to FF1,268m. The CCF parent company alone made provisions of FF770.5m.

The slower provisioning effort, however, follows a major operation,

carried out during the merger of the holding company and the main operating arm, to boost CCF's sovereign debt provisions by FF2,149m (as exclusively revealed in the Financial Times of March 14).

Mr Michel Peberes, CCF's managing director, said the group had made 4.8 times as many provisions in 1982-86 as in the preceding five-year period, but this effort had been largely directed at covering client risks.

An increase in country risk provisions had been urged by the Commission Bancaire, the French banking regulatory authority, to bring CCF's rate of cover into line with the average for French banks.

These extra provisions have been made by drawing on the assets and profits of the Compagnie Financière holding company at the time

of its merger with the CCF bank.

The operation leaves CCF with a claim of FF2.2bn on the state holding company consortium Français de Participations Bancaires, which will be largely settled at the time of the privatisation in the next few weeks.

CCF has established a strong position in the capital markets, especially the Eurofranc market, and has recently built up its position in the French and international equity markets.

Mr René de la Serre, deputy managing director in charge of financial operations, said that Laurence Prust, the London stockbroker of which CCF bought last year, had made profits of around £400,000 (\$644,000) last year. He said this was a reasonable return on the £5m CCF had paid.

## Gemina set to buy stake in Ambrosiano

By Alan Friedman in Milan

GEMINA, the Milan holding company which is effectively controlled by Fiat, is negotiating to acquire between 10 and 12 per cent of Nuovo Banco Ambrosiano (NBA), the successor to the late Mr Roberto Calvi's bank.

The negotiation, which could lead to Gemina spending around £200m (\$314m) on the NBA shareholding, comes more than six months after the Bank of Italy told both Gemina and a holding company controlled by Mr Carlo De Benedetti that neither would be allowed to acquire the Italian subsidiary of the Bank of America.

For several months now Gemina, which is chaired by Fiat managing director Cesare Romiti, has been seeking to obtain a significant equity stake in a bank. Mr Giovanni Goria, the Treasury Minister, and Mr Carlo Ciampi, the Central Bank Governor, are both opposed to industrial or holding vehicles buying shareholdings in banks much beyond the 10 per cent level.

## Comau acquires three French tool companies

By PAUL BETTS IN PARIS

COMAU, the factory automation and machine tool subsidiary of the Italian Fiat group, has acquired three French machine tool companies as part of its efforts to expand its European penetration.

The Italian group has merged the three French companies including Graffenstaden-Machine Outil, Hure and Intellomatisme into a new company called Huron-Graffenstaden with plants in Strasbourg and near Paris employing a total of 380 people.

The new venture will not only enable Fiat's large factory automation subsidiary to increase its penetration of the French market but also help it build a stronger presence in West Germany, where the French concern owns a commercial subsidiary.

Comau paid only a symbolic 3 francs for the three French machine-tool companies which had all

been under bankruptcy proceedings since last October. This followed a dispute between the French Government and the shareholders of the three concerns including the Suez financial group, a subsidiary of the state Institut de Développement Industriel (IDI) and the Cit Alcatel telecommunications group.

The French concerns were involved in the French Government's restructuring and recovery programme for the troubled French machine tool industry in 1984. However, the three principal shareholders claimed that the Government had delayed granting the state financial support envisaged in the machine tool plan.

For its part the Government claimed that the shareholders had not kept their side of the bargain by delaying a capital increase for the troubled machine-tool companies.

The three companies lost a total

of about FF2 650m (\$414.6m) during the past four years including about FF1 170m last year.

The new Italian-controlled company regrouping the French machine-tool activities will start with an initial capital of FF2 6m due to rise to FF2 42m by the end of this year.

At the same time, Comau plans to invest FF2 70m over the next two years to restructure the operations and enable them to break-even in 1988 and become solidly profitable two years later.

The Italian group saw in the French operations an opportunity to expand its factory automation and machine-tool business on the European market, especially in the competitive West German market through the Huron commercial subsidiary in West Germany which it took over as part of the French deal.

## Cominco to offer shares in new unit

By Bernard Simon in Toronto

COMINCO, the Vancouver base metals and fertilizer group, is to offer shares to the public in a new international exploration and mining company.

The new venture is to be known as Cominco Resources International (CRI). It is part of the restructuring of Cominco which began last November with the purchase of a controlling interest in the company by a three-nation metals consortium.

The consortium comprises Tech Corp of Vancouver, West Germany's Metallgesellschaft and MIM Holdings of Australia.

Cominco said CRI's activities would include the exploration and development of its mineral holdings, excluding those in Canada, Alaska and Australia.

The new company will thus not be involved in Cominco's most ambitious current projects - development of the rich Red Dog zinc deposit in Alaska or the Hellyer zinc, lead and silver deposit in Australia.

A Cominco official said yesterday that more than half the company's exploration work would be included in CRI, mainly in the US, western Europe and Latin America.

CRI's assets will also include the Buckhorn base metal mine in Nevada, which completed its first full year of production last year.

## Swiss engineer lifts income

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, last year booked a jump in consolidated net earnings from SF2 42m (\$28m) to SF2 67m. This is the highest group profits figure since that of SF2 44m in 1977.

The sharp improvement in earnings was possible despite almost unchanged group turnover of SF2 455m, as compared with SF2 454m in 1985.

The Winterthur-based parent company whose own net profits rose by 44 per cent to SF2 38.2m, is at the May 7 shareholders' meeting to propose increased payments of SF2 100 (1985: SF2 90) per share of SF2 1 and nominal value and SF2 10 (1985: SF2 8) per share and participation certificates of SF2 100 nominal value.

## Boost for big Dutch insurers

By OUR FINANCIAL STAFF

THE TWO biggest insurance groups in the Netherlands, Nationale-Nederlanden and Aegon, yesterday announced modestly higher profits for 1986 and forecast that further progress would be made this year despite difficult operating conditions.

Nat-NeD reported net profits up 8 per cent to FF 335.5m (\$50.8m) for 1986 and is to pay a dividend of FF 250 a share, against FF 233. Its local rival, Aegon, has improved net profits by 6 per cent to FF 327m. It is holding the 1986 dividend at FF 250 a share but lifting the quarterly element to 2.4 shares from 2.2.

Nat-NeD coupled its results announcement with the forecast of at least maintained profits for 1987.

Aegon was fractionally more optimistic, suggesting that savings for this year would show a moderate increase.

Total revenues at Aegon fell 8 per cent to FF 1,797m. They would have advanced by about 7 per cent but for negative foreign exchange movements and what the company described as a change in accounting practices.

The company faced problems in the US following last year's acquisition of Monumental Corporation. It said new product costs had almost completely eroded Monumental's 1986 earnings. The US group had also been involved in heavy write-offs.

About FF 657m has been written off in goodwill at Monumental and as a result Aegon's group shareholder funds at the end of last year stood at FF 2,711m, against FF 2,426m a year earlier.

Nat-NeD's total revenue last year was unchanged at FF 17,350m with unfavourable currency movements holding growth in check. The company, which obtains 90 per cent of its revenue from outside the Netherlands, said negative foreign exchange prevented last year's turnover being FF 1,970m higher.

Life business fell from FF 428m to FF 368m, Nat-NeD said. As well as currency factors, the life side had been hit by tighter interest margins

## German bank's earnings up

By HAIG SIMONIAN IN FRANKFURT

BERLINER Handelsbank, the Frankfurt-based merchant bank, sharply increased its earnings last year, thanks largely to a 23 per cent jump in commission income generated by higher stock market turnover.

BHF's partial operating profits rose 14.8 per cent to DM 177m (\$97.2m). Full operating profits, which are not disclosed but include gains from own-account trading, increased by just a few per cent.

According to a BHF partner, Mr Klaus Subjeltzki, the bank's net income rose almost 30 per cent to DM 76m against DM 58m last year. However, Mr Subjeltzki said the "special" results of 1986 were unlikely to be repeated.

BHF is not raising the DM 12 dividend per ordinary share, but is paying a one-off bonus of DM 2 a share instead.

Commission income at BHF increased to DM 174m. By contrast, interest income rose only 8.3 per cent to DM 207, against 11.3 per cent in 1985, although the bank's interest margin remained static at slightly less than 2 per cent.

The bank's consolidated balance sheet rose 4.5 per cent to DM 27.5m. Mr Subjeltzki said the figure would have been DM 31m higher had it not been for the fall in the dollar.

BHF is setting up a capital markets division in London to specialise in West German equity re-

search and trading, and which should be operational by August. Meanwhile, the bank hopes to receive permission for securities trading in Tokyo by the end of July, with business starting early next year.

Bayerische Hypothekbank (Bayerische Hypo), the large West German bank, reported an increase in its group balance sheet to DM 130.4m last year against DM 112.8m in 1985.

Partial operating profits at the Munich-based bank fell 1.1 per cent in 1986 to DM 872m. However, this should be seen in the context of the "extreme" 16 per cent increase in partial operating profits in 1985.

## Midland to announce top-level changes

By DAVID LASCELLES, BANKING EDITOR, IN LONDON

MIDLAND BANK is expected to announce a number of top level management changes today, including the departure of two senior executives.

One of the two senior executives expected to leave is Mr Ian Paterson, the chief executive in charge of retail banking, the largest of Midland's four main operating divisions. He was appointed only last year.

Mr Paterson's departure is likely to be viewed with some surprise since retail banking was one of the strongest areas of profit growth in Midland last year. He was not avail-

able to comment last night, and Midland Bank declined to confirm that an executive shake-up was in the offing.

The changes are part of the restructuring of Midland's management being undertaken by Sir Kit McMahon, the chief executive who is also due to assume the chairmanship of Midland Bank on May 1.

Midland's board meets today to approve Sir Kit's plans in advance of the bank's annual meeting on April 30 when the present chairman, Sir Donald Barron, will be stepping down.

## SSAB hit by restructuring

By Sara Webb in Stockholm

SSAB, the Swedish state-controlled commercial steel group, reported losses (before provisions and taxes) of SKr 883m (\$140m) for 1986 due to major restructuring costs which the new management is planning in order to make the group more competitive and a stronger candidate for an eventual stock market launch.

Mr Björn Wahlström, SSAB chairman, said that SSAB must change from being a diversified steel group and concentrate on sheet steel production while cutting back the loss-making areas such as its mines and long products divisions.

## Grupo Alfa wins debt reprieve

By DAVID GARDNER IN MEXICO CITY

GRUPO INDUSTRIAL Alfa, the better known as Mexican private enterprise and Latin America's largest private foreign debtor, is to code around 20 per cent of preferred stock in Hylsa, its steel-making concern, to the state development bank Banobras.

In return Banobras will defer repayments - probably for 12 years - on loans totalling pesos 20.7m (\$13.3m), which grew out of a highly controversial pesos 12m emergency credit granted to the Monterrey-based group in October 1981, just before it became insolvent.

Alfa, which owes \$2.7bn abroad, suspended principal payments on its foreign debt in April 1984 and ceased paying about 75 per cent of its interest bill in August the same year, when Mexico ran out of foreign exchange.

Nearly four years of restructuring negotiations with some 130 creditor banks came to grief early last year. Alfa, whose core business is steel and petrochemicals, saw its

performance projections overtaken by the new, oil shock-induced downturn in the Mexican economy, and by price controls on steel, which generates about a third of group cash-flow.

But in October, Alfa reached agreement in principle with the steering committee of its creditors, who are to write off \$920m of debt at Hylsa, the holding company, in exchange for a 45 per cent stake. Alfa will in addition pay \$20m cash and buy \$20m of Mexican sovereign debt from creditor banks.

This innovative use of the debt-for-equity swap facility, introduced by the government last August to attract foreign investment, should allow the troubled group to turn the retired sovereign debt into a substantial peso investment, now that the authorities plan to allow Mexican private investors to use the mechanism.

Under normal swap practice, the debt is purchased at typically, 80 cents on the dollar from a foreign

creditor and then redeemed in pesos with the government at around 90 per cent of its face value.

Alfa said banks holding 92 per cent of the Hylsa debt had already assented to the deal, which once finalised will leave the Hylsa foreign debt of just over \$1bn still to be rescheduled for this, the biggest corporate debt restructuring in Latin America since the debt crisis began here in 1982, to be completed.

The Banobras deal, however, has raised some eyebrows because it looks like the state increasing its involvement in the economy, whereas the government of President Miguel de la Madrid has made the reduction of a bloated public sector one of its main policy planks.

The surrender of shares was, however, envisaged in the original debt covenants with Banobras, and, as a senior finance official pointed out yesterday, public sector efficiency is also government policy, and state-run banks "have to call in their loans too."

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NEW ISSUE - This announcement appears as a matter of record only - March, 1987



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MOSCOW NARODNY BANK LIMITED  
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## INTL. COMPANIES AND FINANCE

### GE \$624m ahead in quarter

BY ANATOLE KALETSKY IN NEW YORK

GENERAL ELECTRIC earned \$624m, or \$1.37 a share, after tax in the first quarter of 1987, 18 per cent up on the \$537m, or \$1.18, a year earlier. The figures were in line with generally favourable market opinion about GE.

However, the underlying profits performance was unusually difficult to interpret because of the effects of GE's \$6.4bn purchase of RCA in June 1986. This resulted in the combined company's total sales growing more rapidly than its profits - by 41 per cent from \$5.89bn in the first quarter of 1986 to \$8.32bn in the quarter just ended.

GE has made no attempt to quantify the effects of the RCA acquisition since its quarterly statement

for the third quarter of 1986, when it said that RCA's earnings had "about offset" the costs of financing the acquisition, with no dilution in earnings per share.

Since then RCA's businesses, except for the National Broadcasting Company, have been integrated into GE's operating divisions and it is no longer possible to distinguish between the two companies' contributions to revenues and profits, according to GE.

GE's chairman, Mr Jack Welch, said the results confirmed the expectations of double-digit earnings growth for 1987 as a whole, which the company would achieve despite the background of "modest" worldwide economic growth.

He singled out the aircraft engines and medical systems businesses as particularly strong performers in the latest quarter. Domestic appliances, materials, broadcasting and insurance were also producing strong profits growth.

Earnings from power systems, industrial products and consumer electronics were all down, mainly as a result of restructuring charges.

Altogether restructuring provisions cost GE \$308m before tax in the latest quarter. These losses were largely offset by a one-off positive effect of \$381m from the adoption of new conventions for inventory accounting.

### American Brands in \$545m acquisition

By James Buchan in New York

AMERICAN BRANDS, the diversified US tobacco group which was recently outbid by Unilever for the Chesebrough-Pond's consumer products group, has announced that it is buying the spirits division of National Distillers & Chemical Corp for \$545m.

The purchase by James H. Beam Distilling, the American Brands subsidiary that makes the best-selling Jim Beam bourbon, will create one of the largest US distillers companies with sales of about \$850m.

The National Distillers division, which enjoys sales revenues of nearly \$600m, sells such brands as Old Grand-Dad bourbon, Gilbey's gin and vodka and the De Kuyper range of flavoured schnapps.

The sale marks National Distillers' final withdrawal from the liquor industry, which it entered in 1924. National came out of Prohibition in 1933 with 45 per cent of the bonded whisky in the US, but from the 1950s the company invested increasingly in organic chemicals and propane marketing.

In January, National Distillers sold its wine business for \$128m, to Heublein, itself acquired by Grand Metropolitan later that month.

National Distillers said it preferred to concentrate on the chemicals business where it could enjoy market leadership rather than in the profitable, but slow-growth and competitive drinks industry.

The prices paid for the two divisions, which together earned around \$50m last year on sales of \$700m, confirm the premiums recently paid for drinks brands by Grand Met and by Allied-Lyons, which last year bought Hiram Walker of Canada.

### Top accountancy firm accused of negligence

BY LOUISE KENOE IN SAN FRANCISCO

CALIFORNIA STATE officials have threatened to revoke or suspend the state operating license of KMG Main Hurdman, which last week completed its merger with Post Marwick to form the world's largest accounting firm. The state has charged KMG Main Hurdman with "gross negligence" and "ignorance" in auditing Technical Equities, a California property investment company that declared bankruptcy last year.

The action is believed to be the first time the state has threatened the license of a major accounting firm and is one of the highest such cases ever filed in the US.

A complaint has been filed by the state attorney general and will be heard by an administrative law judge within 15 days. The state's board of accountancy, which issues state licenses to accountants, will then decide what, if any, sanctions to impose on the firm. It is not yet clear whether any action taken against KMG would affect the newly merged firm of Post Marwick Main.

Responding to the charges, the accountancy firm claimed that the accusations were "filled with technical inaccuracies."

### Loss at General Instrument

BY OUR FINANCIAL STAFF

GENERAL INSTRUMENT, the diversified US cable television and electronics group, suffered a net loss of \$90.5m, or \$2.80 a share, in its fourth quarter compared with a profit of \$5.27m, or 17 cents. The re-

sult was after a loss of \$61.5m on discontinued activities. For the year the loss was \$20.4m, against \$66.5m, or \$2.40 against \$2.07, on sales up at \$788m against \$612m.

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The Board of Directors of Hachette will meet on 28 April 1987 under the chairmanship of Jean-Luc LAGARDE, in order to determine definitively the accounts of the Company for the 1986 fiscal year. Consolidated Group earnings excluding minority interests will total 215.8 million francs as against 189.3 million francs in 1985, i.e. an increase of 27.5%, and 435.3 million francs including special gains, as against 168 million francs in 1985.

The trading prospects for 1987 will show a new significant improvement of the results

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no. 1,906,542 rights to purchase shares valid for the subscription of ordinary shares;  
no. 1,384,095 rights to purchase shares valid for the subscription of savings shares.

The offer will take place at the Milan Stock Exchange and rights will be distributed in the sessions of the 13th, 14th, 15th, 16th and 17th April 1987 in the amount of 1/5 of the total for each session, plus possible residual rights not placed in the preceding sessions.

The holders of rights to purchase shares are entitled to the subscription of:

- no. 2 ordinary shares - ranking for dividend 1.187 - for each 9 rights relative to the ordinary shares, at the price of Lire 2,500 each;  
- no. 3 savings shares - ranking for dividend 1.187 - for each 9 rights relative to the savings shares, at the price of Lire 2,500 each.

Rights purchased at the Milan Stock Exchange may be withdrawn not later than the 21st April 1987 at the Milan Branch of Banca Commerciale Italiana where, within the same date and under penalty of forfeiture, new shares must be subscribed.

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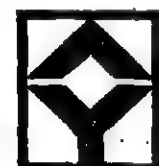
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A LOAN MADE TOISTITUTO PER LO SVILUPPO ECONOMICO  
DELL'ITALIA MERIDIONALE

NOTICE IS HEREBY GIVEN that pursuant to the terms of the Loan Agreement of the Certificates, US\$48,610,000 principal amount has been drawn for mandatory partial repayment at their principal amounts, together with accrued interest, on 12th May, 1987 (the "Redemption Date"), when interest on the Certificates will cease to accrue.

The serial numbers of the Certificates drawn for the mandatory partial repayment are as follows:

4	361	735	1135	1468	1903	2332	2575	2964	3318	3717	4065	4471	4842	5185	5536	5922	6291	6654	7036	7495	7897	8247	8665	9100	9474	9873	10297	10717	11065	11427	11796	12175	12566	12969	13378	13793	14163	14532	14913	15291	15700	16033	16417	16765	17131
5	362	736	1136	1469	1904	2333	2576	2965	3319	3718	4066	4472	4843	5186	5537	5923	6292	6655	7037	7496	7898	8248	8666	9101	9475	9874	10298	10718	11066	11428	11797	12176	12567	12970	13379	13794	14164	14533	14914	15292	15701	16034	16418	16766	17132
6	363	737	1137	1470	1905	2334	2577	2966	3320	3719	4067	4473	4844	5187	5538	5924	6293	6656	7038	7497	7899	8249	8667	9102	9476	9875	10299	10719	11067	11430	11798	12177	12568	12971	13380	13795	14165	14534	14915	15293	15702	16035	16419	16767	17133
7	364	738	1138	1471	1906	2335	2578	2967	3321	3720	4068	4474	4845	5188	5539	5925	6294	6657	7039	7498	7900	8250	8668	9103	9477	9876	10300	10720	11068	11431	11800	12178	12569	12972	13381	13796	14166	14535	14916	15294	15703	16036	16420	16768	17134
8	365	739	1139	1472	1907	2336	2579	2968	3322	3721	4069	4475	4846	5189	5540	5926	6295	6658	7040	7499	7901	8251	8669	9104	9478	9877	10301	10721	11069	11432	11801	12179	12570	12973	13382	13797	14167	14536	14917	15295	15704	16037	16421	16769	17135
9	366	740	1140	1473	1908	2337	2580	2969	3323	3722	4070	4476	4847	5190	5541	5927	6296	6659	7041	7500	7902	8252	8670	9105	9479	9878	10302	10722	11070	11433	11802	12180	12571	12974	13383	13800	14168	14537	14918	15296	15705	16038	16422	16770	17136
10	367	741	1141	1474	1909	2338	2581	2970	3324	3723	4071	4477	4848	5191	5542	5928	6297	6660	7042	7501	7903	8253	8671	9106	9480	9879	10303	10723	11071	11434	11803	12181	12572	12975	13384	13801	14169	14538	14919	15297	15706	16039	16423	16771	17137
11	368	742	1142	1475	1910	2339	2582	2971	3325	3724	4072	4478	4849	5192	5543	5929	6298	6661	7043	7502	7904	8254	8672	9107	9481	9880	10304	10724	11072	11435	11804	12182	12573	12976	13385	13802	14170	14539	14920	15298	15707	16040	16424	16772	17138
12	369	743	1143	1476	1911	2340	2583	2972	3326	3725	4073	4479	4850	5193	5544	5930	6299	6662	7044	7503	7905	8255	8673	9108	9482	9881	10305	10725	11073	11436	11805	12183	12574	12977	13386	13803	14171	14540	14921	15299	15708	16041	16425	16773	17139
13	370	744	1144	1477	1912	2341	2584	2973	3327	3726	4074	4480	4851	5194	5545	5931	6300	6663	7045	7504	7906	8256	8674	9109	9483	9882	10306	10726	11074	11437	11806	12184	12575	12978	13387	13804	14172	14541	14922	15300	15709	16042	16426	16774	17140
14	371	745	1145	1478	1913	2342	2585	2974	3328	3727	4075	4481	4852	5195	5546	5932	6301	6664	7046	7505	7907	8257	8675	9110	9484	9883	10307	10727	11075	11438	11807	12185	12576	12979	13388	13805	14173	14542	14923	15301	15710	16043	16427	16775	17141
15	372	746	1146	1479	1914	2343	2586	2975	3329	3728	4076	4482	4853	5196	5547	5933	6302	6665	7047	7506	7908	8258	8676	9111	9485	9884	10308	10728	11076	11439	11808	12186	12577	12980	13389	13806	14174	14543	14924	15302	15711	16044	16428	16776	17142
16	373	747	1147	1480	1915	2344	2587	2976	3330	3729	4077	4483	4854	5197	5548	5934	6303	6666	7048	7507	7909	8259	8677	9112	9486	9885	10309	10729	11077	11440	11809	12187	12578	12981	13390	13807	14175	14544	14925	15303	15712	16045	16429	16777	17143
17	374	748	1148	1481	1916	2345	2588	2977	3331	3730	4078	4484	4855	5198	5549	5935	6304	6667	7049	7508	7910	8260	8678	9113	9487	9886	10310	10730	11078	11441	11810	12188	12579	12982	13391	13808	14176	14545	14926	15304	15713	16046	16430	16778	17144
18	375	749	1149	1482	1917	2346	2589	2978	3332	3731	4079	4485	4856	5199	5550	5936	6305	6668	7050	7509	7911	8261	8679	9114	9488	9887	10311	10731	11079	11442	11811	12189	12580	12983	13392	13809	14177	14546	14927	15305	15714	16047	16431	16779	17145
19	376	750	1150	1483	1918	2347	2590	2979	3333	3732	4080	4486	4857	5200	5551	5937	6306	6669	7051	7510	7912	8262	8680	9115	9489	9888	10312	10732	11080	11443	11812	12190	12581	12984	13393	13810	14178	14547	14928	15306	15715	16048	16432	16780	17146
20	377	751	1151	1484	1919	2348	2591	2980	3334	3733	4081	4487	4858	5201	5552	5938	6307	6670	7052	7511	7913	8263	8681	9116	9490	9889	10313	10733	11081	11444	11813	12191	12582	12985	13394	13811	14179	14548	14929	15307	15716	16049	16433	16781	17147
21	378	752	1152	1485	1920	2349	2592	2981	3335	3734	4082	4488	4859	5202	5553	5939	6308	6671	7053	7512	7914	8264	8682	9117	9491	9890	10314	10734	11082	11445	11814	12192	12583	12986	13395	13812	14180	14549	14930	15308	15717	16050	16434	16782	17148
22	379	753	1153	1486	1921	2350	2593	2982	3336	3735	4083	4489	4860	5203	5554	5940	6309	6672	7054	7513	7915	8265	8683	9118	9492	9891	10315	10735	11083	11446	11815	12193	12584	12987	13396	13813	14181	14550	14931	15309	15718	16051	16435	16783	17149
23	380	754	1154	1487	1922	2351	2594	2983	3337	3736	4084	4490	4861	5204	5555	5941	6310	6673	7055	7514	7916	8266	8684	9119	9493	9892	10316	10736	11084	11447	11816	12194	12585	12988	13397	13814	14182	14551	14932	15310	15719	16052	16436	16784	17150
24	381	755	1155	1488	1923	2352	2595	2984	3338	3737	4085	4491	4862	5205	5556	5942	6311	6674	7056	7515	7917	8267	8685	9120	9494	9893	10317	10737	11085	11448	11817	12195	12586	12989	13398	13815	14183	14552	14933	15311	15720	16053	16437	16785	17151
25	382	756	1156	1489	1924	2353	2596	2985	3339	3738	4086	4492	4863	5206	5557	5943	6312	6675	7057	7516	7918	8268	8686	9121	9495	9894	10318	10738	11086	11449	11818	12196	12587	12990	13399	13816	14184	14553	14934	15312	15721	16054	16438	16786	17152
26	383	757	1157	1490	1925	2354	2597	2986	3340	3739	4087	4493	4864	5207	5558	5944	6313	6676	7058	7517	7919	8269	8687	9122	9496	9895	10319	10739	11087	11450	11819	12197	12588	12991	13400	13817	14185	14554	14935	15313	15722	16055	16439	16787	17153
27	384	758	1158	1491	1926	2355	2598	2987	3341	3740	4088	4494	4865	5208	5559	5945	6314	6677	7059	7518	7920	8270	8688	9123	9497	9896	10320	10740	11088	11451	11820	12198	12589	12992	13401	13818	14186	14555	14936	15314	15723	16056	16440	16788	17154
28	385	759	1159	1492	1927	2356	2599	2988	3342	3741	4089	4495	4866	5209	5560	5946	6315	6678	7060	7																									





## Eni International Bank Limited

(Incorporated with limited liability under the laws of the Commonwealth of The Bahamas)

U.S. \$200,000,000

GUARANTEED FLOATING RATE NOTES DUE 1991

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED AS TO PAYMENT OF PRINCIPAL AND INTEREST BY

ENTE NAZIONALE IDROCARBURI  
(A Public Corporation of the Republic of Italy)

Notice is hereby given that for the three months interest period from April 9th, 1987 to July 9th, 1987 the Notes will carry an interest rate of 6 1/8% per annum. The interest payable on the relevant interest payment date, July 9th, 1987 will be U.S.\$162.73 per U.S.\$100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.,  
London, Agent Bank.

April 10th, 1987



## OTTOMAN BANK

NOTICE IS HEREBY GIVEN that, in accordance with Article 29 of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on WEDNESDAY, the 13th MAY 1987, in the BEAUFORT ROOM, THE SAVOY HOTEL, STRAND, LONDON WC2R 0EW at 11.30 am to receive a Report from the Committee with the Accounts for the year ended 31st December 1986; to propose a Dividend; and to elect Members of the Committee.

By Article 27 of the Statutes the General Meeting is composed of holders, whether in person or by proxy or both together, of at least thirty shares, who, to be entitled to take part in the Meeting, must deposit their shares and, as may be necessary, their proxies at the Head Office of the Company in Istanbul or at any of the branches, or in London at Dunster House, 37 Mincing Lane, London EC3R 7DN or in Paris at 7 rue Meyerbeer, 75009, at least ten days before the date fixed for the Meeting.

The Report of the Committee and the Accounts which will be presented to the General Meeting are available to the Shareholders at the Head Office in Istanbul and at the offices in London and Paris.

T. H. STEPHENS  
Secretary to the Committee

## NOTICE OF EARLY REDEMPTION U.S. \$100,000,000 ÖSTERREICHISCHE LÄNDERBANK = AKTIENGESellschaft

(Incorporated in the Republic of Austria with limited liability)  
Floating Rate Subordinated Notes  
Due 1999

NOTICE IS HEREBY GIVEN to the Noteholders, that in accordance with Clause 7(b) of the Terms and Conditions of the Notes, the Bank will redeem all of the Notes at their principal amount on the next Interest Payment date falling in April 1999.

Payment of the principal and accrued interest will be made on or after the Redemption Date at the specified office of any of the Paying Agents listed below against surrender of the Notes together with all unattached Coupons.

Payment of interest on each Registered Note will be made by dollar cheque and mailed to the holder of such Note.

Notes, whether in bearer or registered form, and Coupons will become void unless presented for payment within 30 years and 3 years respectively after the Relevant Date.

PAYING AGENTS  
Bankers Trust Company  
Dunwood House  
49 Old Broad Street  
London EC2M 1JL

Bankers Trust Company  
Corporate Trust and Agency Group  
Four Albany Street  
New York NY 10015

Bankers Trust Company  
Corporate Trust and Agency Group  
49 Old Broad Street  
London EC2M 1JL

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## INTL. COMPANIES and FINANCE

# Japanese brokers seek listings

BY GORDON CRANE

TWO medium-sized Japanese securities houses are set to gain listings on the Tokyo Stock Exchange in the next two months by floating a minority of their shares, in issues which together could raise upwards of ¥85bn (\$448.5m).

The plans come at a time when the Tokyo equity market is running close to record levels. Along with thriving international bond business, this is expected to provide strong revenues for the brokers in the current year, despite competitive pressures.

Kokumai Securities, which, in income terms, falls within Japan's top 10 brokers—is due

to be quoted from May 1, subject to final approval from the Ministry of Finance. The smaller Tokyo Securities will follow in early June.

Both began business in 1981 as a result of mergers among smaller institutions, and each of the two has close links with leading names in the Japanese financial community. Kokumai is about 40 per cent owned by the Nomura group while Tokyo Securities is majority controlled by companies in the Nikko stable.

Of these holdings, however, Nomura Securities and Nikko Securities account respectively for less than 5 per cent, in compliance with limits set on

cross-ownership among Japanese financial institutions. Tokyo Motor is an additional key shareholder in Kokumai with nearly 10 per cent.

Kokumai is to make a public offering of some 15m new shares, representing around 8.3 per cent of its expanded capital, to raise ¥44.4bn. Based on net earnings of ¥14.1bn in its latest year to September, the historic price/earnings ratio on the company's enlarged equity is 38, compared with about 60 for Nomura but broadly in line with the sector as a whole.

News of the issues gave further impetus to broking sector shares in a mixed overall market yesterday.

Pricing of the Tokyo Securities offering has not yet been settled. The company is to float 9m new shares, or some 8.1 per cent of its increased capital, in an issue which will also contain 2m shares sold from existing holdings.

The latest year brought net earnings of ¥5.59bn or ¥85.54 a share and, assuming a similar p/e, the company could raise ¥23bn or more.

The launches come in the wake of two public issues by securities houses last year, and leave about 10 fully licensed stock brokers still unquoted. If Japanese markets retain their strength, analysts expect more floatations within the sector.

## San Miguel share sale blocked

BY RICHARD GOURLEY IN MANILA

THE SALE of a 32 per cent stake in San Miguel Corporation, which controls the Philippines' largest manufacturing company, has been blocked in a flurry of court cases.

The Securities and Exchange Commission this week issued a restraining order preventing San Miguel from implementing an April 2 board decision, which approved a plan for the buy-back of the 32m shares. They are currently sequestered by the government.

At the same time, a Manila court ordered the United

Coconut Planters Bank (Cocobank), which controls the sequestered shares, not to sell them. Cocobank is the trustee for 14m coconut farmers through an investment fund.

The case was brought by lawyers for Mr Eduardo Cojuangco, who was Cocobank chairman until he fled with deposed President Ferdinand Marcos in February last year. He claimed he has an interest in the investment fund and that Cocobank would be exceeding its fiduciary duties as trustee if it sold the shares.

San Miguel's plan proposed that Bond Corporation of Australia would acquire all the 14m B shares—which foreign companies and individuals can buy—from the 32m share block.

The SEC's restraining order runs for 15 days and will allow time for a public hearing on April 13 to 14.

The government, through the Presidential Commission on Good Government which is hunting the hidden wealth of Mr Marcos and his associates, controls a further 15m shares in San Miguel shares belonging to Mr Cojuangco.

## Bridgestone better than expected

By Yoko Sakabe in Tokyo

BRIDGESTONE, Japan's largest manufacturer of tyres and its 113 consolidated subsidiaries reported better than expected earnings last year, with net profits little changed at ¥21.01bn (\$145.4m) compared with ¥21.08bn.

Although consolidated turnover fell 8 per cent to ¥864.25bn, the company said the deterioration in export profitability was not as bad as its initial projection.

Bridgestone benefited from the reduction in imported material costs, caused by the yen's appreciation, and from its own rationalisation efforts. However, profitability in its tyre division declined under heavy pressure from domestic car manufacturers to reduce sales prices. This year, the company is expected to report a 1 per cent rise in its tyre division.

For the current year, Bridgestone expects group profits to reach ¥22bn, up 8 per cent, on turnover of ¥860bn, a 1 per cent rise. Bridgestone USA, a recently established offshoot, contributed for the first time after eradicating start-up losses, the company said. It has a North American bus and truck tyre plant, purchased from Firestone, and is contemplating car tyre production in the US.

## Warm winter hits Kashiwaya

By Our Tokyo Staff

KASHIYAMA, a leading Japanese manufacturer of men's suits, reported a 1.5 per cent profit by 1.5 per cent to ¥13.48bn (\$85.3m) in the year to February. Sales were affected by an unusually warm winter and domestic economic difficulties caused by the strong yen.

Turnover of ¥172.3bn was down 2.1 per cent as sales of the company's mainline men's wear climbed by a marginal 1 per cent while sales of women's wear fell by 2.8 per cent.

The annual dividend will be unchanged at ¥18.5 per share.

## Fall into operating loss at Malaysian Resources

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN Resources Corporation (MRC), a major property group, slipped into an operating loss of 48.6m ringgit (US\$19.5m) for last year compared with a profit of 5m ringgit for 1985. Turnover was more than halved from 75m ringgit to 30m ringgit.

MRC said the deficit was attributable to the depressed Malaysian property market. Other related factors included substantial price reductions for its properties, undertaken to remain competitive, as well as provisions for the diminution in

the values of its properties, and a write-back on profits recognised in prior years on properties that were forfeited or not taken up by purchasers.

The group said it had embarked on a programme to dispose of several large business and low-yielding assets, and was currently negotiating with a bank to buy its 20-storey headquarters building in Kuala Lumpur.

At the end of 1985 MRC had total borrowings of 171m ringgit compared with a paid-up capital of 128m ringgit.

## Zim more than doubles earnings to \$38m

BY ANDREW WHITLEY IN HAIFA

ZIM, the Israeli national shipping line, yesterday reported an after-tax profit for 1986 of US\$38m, more than double the previous year's result even after making \$10m in debt interest and other payments.

In 1986, Zim reported a loss of \$48m and was struggling with the burden of servicing its bank debt, then put at \$380m.

On the strength of the better than expected figures, the Israeli company has announced a fleet renewal programme, estimated to cost about \$800m over the next two years.

Mr Matti Morgenstern, the managing director appointed at

the end of 1984 to rescue the shipping line, noted that Zim had improved its profits in a year when its major competitors were all reporting continuing losses.

He attributed the good performance to better use of existing tonnage, lower cargo handling costs, and further cost-cutting efforts. Over the past two years, Zim has shed 700 employees, mostly onshore.

Total cargo carried during 1986 increased by 15 per cent to 7.5m tonnes. Containers transported rose from 384,000 in 1985 to 594,000.

The company said yesterday

it had had an "excellent" 1987 budget, better than that which had been budgeted for, and forecast that its full-year figures would be as good or better than those just announced.

Turnover for 1986, at \$706m, was virtually unchanged. Operating profit was \$111.3m compared with \$106m.

Negotiations have begun with foreign shipyards on the purchase of seven large container vessels, in order to address Zim's most pressing problem, its ageing container fleet. Each of the new vessels will have a carrying capacity of between 2,500 and 3,000 standard con-

tainers, according to Mr Morgenstern. However, the decision on whether to purchase new or second-hand ships is not likely to be taken before July, when the issue is put to the company's board.

Zim is 40 per cent owned by the Israel Corporation, headed by Mr Shaul Eisenberg. The remainder is held by the government and the Hatzitrat labour federation.

An abortive takeover attempt for Zim was made last year by Mr Menachem Atzmon, a former senior Israel Corporation executive, in a partnership with a foreign shipowner.

## MARINE MIDLAND FINANCE N.V.

U.S.\$125,000,000 Guaranteed Floating Rate Subordinated Notes Due 1994

For the three months 9th April, 1987 to 9th July, 1987, notes will carry an interest rate of 6 1/8% per annum with a coupon amount of U.S.\$17.08 per U.S.\$1,000 note and U.S.\$170.63 per U.S.\$10,000 note. The relevant interest payment date will be 9th April, 1987.

Listed on the London Stock Exchange

Bankers Trust Company, London Agent Bank

## BRITANNIA BUILDING SOCIETY

£100,000,000

Floating Rate Notes Due 1993

(Incorporated in the United Kingdom)

Notes will carry an interest rate of 6 1/8% per annum with a coupon amount of £17.08 per £1,000 note and £170.63 per £10,000 note. The relevant interest payment date will be 9th April, 1987.

Listed on the London Stock Exchange

Bankers Trust Company, London Agent Bank

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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NV Koninklijke Nederlandsche Petroleum Maatschappij  
(Royal Dutch) Established at The Hague, The Netherlands

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday 14th May, 1987, at 10.30 a.m. in the "Nederlandsche Congresgebouw", 10 Churchplein, The Hague, The Netherlands.

### AGENDA:

1. Annual Report for 1986.
2. Finalization of the Balance Sheet and the Profit and Loss Account together with the Notes thereto for 1986 and declaration of the final dividend for 1986.
3. Appointment of a member of the Supervisory Board.
4. Appointment of a member of the Supervisory Board owing to retirement by rotation.
5. Renewed designation of the Board of Management as the competent body to take decisions as referred to in Article 4,



## INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Fed advice role for Barclays man

BY WILLIAM HALL IN NEW YORK

SIR MARTIN JACOMB, deputy chairman of Barclays Bank, and Mr. Dennis Weatherstone, president of J.P. Morgan, have been appointed to the three-man steering committee of the Federal Reserve Bank of New York's new International Capital Markets Advisory Committee.

The informal committee, which is headed by Mr. Gerald Corrigan, president of the New York Fed, has been set up to help advise the agency on the rapid changes under way in the world's financial markets.

Its establishment also reflects the mounting concern in some quarters of the US financial community at the speed with which Japanese institutions are penetrating the US capital markets.

The new committee's membership includes senior executives from Nomura Securities, Dai-ichi Kangyo Bank, Deutsche Bank and Union Bank of Switzerland as well as leading US commercial and investment

bankers. It will consult with the New York Fed "on matters relating to the evolution of international capital markets, including questions bearing on regulatory, market and competitive practices, payment and clearing systems and operations."

Mr. Corrigan disclosed the formation of the committee in a letter to Mr. Charles Schumer, a New York Congressman who has criticised the Federal Reserve for allowing Japanese firms to increase their involvement in the US financial markets at a time when many foreign financial firms are finding it hard to make inroads into the Tokyo markets.

Mr. Schumer has criticised, for example, the Fed's approval of Sunamitsu Bank's acquisition of a stake in Goldman Sachs and its decision to add a number of Japanese-owned firms to its list of primary dealers in US government securities.

When it announced the for-

mation of the new committee the New York Fed said that similar initiatives in other leading financial centres would also be regarded as "a constructive development."

Mr. Corrigan noted in his letter to Mr. Schumer that "while achieving more open access to foreign financial markets is important, we must not lose sight of longer run issues raised by the globalisation of our financial markets. Indeed, these are the types of considerations that lead us to establish an informal International Capital Markets Advisory Committee."

The first meeting will be held on May 5 at the New York Fed. The third member of the steering group is Mr. John O'Sullivan, chairman of Merrill Lynch Capital Markets and a former Controller of the Currency.

The European members of the full committee include Mr. Werner Blessing of Deutsche

Bank, Mr. Mathis Caballero of Union Bank of Switzerland, and Mr. Ellis Sogout of Banque Paribas.

The Japanese members are Mr. Masaki Kurokawa of Nomura Securities International, Mr. Yoko Oana of Dai-ichi Kangyo Bank, Mr. Thomas Strauss of Salomon Brothers, Mr. Francis Jenkins of First Boston and Mr. Richard Debs of Morgan Stanley International, representing the US investment banking community while Mr. Thomas Theobald of Citicorp, Mr. Thomas Johnson of Chemical Bank, Mr. Robert Smith of Security Pacific and Mr. William McDonough of First Chicago have been drawn from the commercial banking community.

In addition, Mr. Maurice Greenberg, president of American International Group, a big insurance company, and Geoffrey Styles, vice chairman of Royal Bank of Canada, are also on the committee.

## Australia clears way for offshore banking

THE AUSTRALIAN government yesterday announced tax changes and regulations aimed at developing an offshore banking sector.

The Treasury said the regulations are similar to those that guide the recently opened offshore banking market in Singapore, its nearest offshore banking centre.

Mr. Paul Keating, the federal Treasurer, said the business will be operated through offshore banking units (OBUs) set up as separate accounting entities.

Interest paid to non-residents of Australia by OBUs will be exempted from interest withholding tax if the funds are lent to non-residents.

This exemption will be confined to banks and financial institutions such as merchant banks that are authorised to deal in foreign exchange.

The government will not insist on separate prudential arrangements for OBUs.

Transactions between non-residents in Australian dollars that go through OBUs and transactions between such a unit and its offices in other countries will also be exempted from interest withholding tax.

OBUs will not be able to buy securities issued by Australian companies or their associates in markets overseas. The restriction on OBUs leading to residents' assets to non-residents carrying on business in Australia through a branch.

## Weak dollar depresses long fixed-rate issues

BY CLARE PEARSON

JAPAN DEVELOPMENT Bank launched a \$150m bond yesterday despite very difficult conditions in the Eurodollar market. Prices of longer-dated fixed rate bonds closed about 1 percentage point lower, taking their cue from the US Treasury bond market as the dollar touched a new post-war low against the yen.

In spite of these setbacks, Japan Development Bank's seven-year 8 per cent bond met a fair response from investors.

Bank of Tokyo, the lead manager, said that the borrower had decided to fix its terms relatively generously—breaking the tradition among Japanese Government agencies of issuing aggressively priced deals—in view of the nervous state of the market.

The deal, priced at 101, provided an initial spread of 60 basis points over US Treasury bonds. It was quoted within 1 1/2 per cent fees at 1 1/4 bid.

Elsewhere, the Australian dollar market was also popular haven for new issue managers despairing of being able to tap the Eurodollar sector—saw three new deals, all of which traded within two fees.

Meanwhile, Hambro Bank increased its recent deal for Toronto Dominion Bank by \$10m to \$50m.

Bank of Paris Capital Markets led an \$850m 14 1/2 per cent bond for Berliner Bank, maturing in November 1990. A CIBC led an \$1125m zero coupon five-year bond for CIBC Australia, priced at 94.

Credit Suisse First Boston announced an \$540m three-year 14 1/2 bond for Standard Elektrik Lorenz, the German

telecommunications company 84 per cent owned by Alcatel, the subsidiary of CCE of France. Like Berliner Bank's deal, this was priced at 101.

Prices in the Eurosterling market fell in sympathy with the Eurodollar sector yesterday, but nevertheless Morgan Stanley launched a \$70m bond for Gillette Canada, guaranteed by the parent. The bond, which matures in October 1993, carries a 9 per cent coupon and 10 1/4 issue price. It appeared too late in the day to trade actively.

British Airways' \$100m 9 1/2 per cent issue, launched late on Wednesday, was quoted within its fees although dealers said its terms were tight. Union Bank of Switzerland (Securities) the lead-manager, said it was attracting European but not Far Eastern buyers, since the bond was unrated.

Two five-year equity warrants for Japanese borrowers appeared. Sekisui Chemical's \$200m deal, led by Yamachi International (Europe) carried an indicated 2 1/2 coupon while Sanki Building Company's \$60m deal, led by Nomura International, has an indicated 3 1/2 per cent coupon.

Nomura International led a \$400m seven-year 4 1/2 per cent bond for European Investment Bank, priced at 101. It has a purchase which can retire up to 5 per cent of the issue annually in years one and two of its life, as long as bonds are available at prices below par.

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Two small convertibles appeared in the Eurodollar market. These were a \$25m bond for Kyvison, a US producer of computer integrated publishing systems, led by Credit Suisse First Boston, and a \$50m bond for IRT Property, led by Chandler Partnership. The borrower is a Georgia-based real estate investment trust.

Saitama Bank's \$100m 15-year convertible bond, which was led by Saitama Bank (Europe) was quoted at 197 bid, against a par issue price. It has an indicated 2 per cent coupon and the conversion premium is expected to be set at 5 per cent.

In the D-Mark market, prices were steady in quiet trading. In Switzerland, dealers said that issue for popular names, with shorter maturities, were in demand and prices ended the day a touch higher in average volume. Today a SFR 60m deal for Nibbeli will form for the first time.

Credit Suisse led a SFR 100m issue with gold warrants for Belgium. Each seven-year SFR 50,000 note comes with warrants to buy 750 grammes of gold. The 3 1/2 per cent issue was priced at par and traded at about 100 1/



## UK COMPANY NEWS

## INDUSTRIAL INTERESTS COMPENSATE ENERGY DECLINE

## RTZ only 5% down at £245m

BY STEFAN WAGSTYL, MINING CORRESPONDENT

Rio Tinto-Zinc, the mining, energy and industrial group, yesterday exceeded the City's expectations with net profits for 1986 of £245m, which were just 5 per cent lower than a revised £257m for the previous year.

Sir Alistair Frame, chairman, said this was a creditable result taking into account the sharp fall in energy prices and the continuing weakness in the prices of most metals.

A 40 per cent increase in net profits from the group's fast-growing industrial interests to £202m (£144m) made up for much of the ground lost by a 45 per cent decline to £51m (£95m) net from the group's energy investments—chiefly North Sea oil and gas, coal and uranium mining. Net profits from metals, which includes contributions from copper, gold, iron ore, aluminium, lead and zinc, rose marginally to £83m.

Sir Alistair said that 1987 results should benefit from the forecast rise in industrial production in the US and Europe. Consumption of some base metals and their US dollar prices were showing signs of modest improvement but iron ore markets had weakened.



Sir Alistair Frame, RTZ chairman

The rise in the US dollar oil price, if sustained, would have an impact, he said.

Mr Derek Ridd, chief executive, said RTZ would continue to make acquisitions in businesses which it understood. He confirmed RTZ Borax was

RESULTS BREAKDOWN		1986	1985
RTZ Borax*	£m	85.1	71.9
RTZ Pilsen*	£m	63.7	45.4
RTZ Cement*	£m	18.9	15.5
RTZ Metals*	£m	3.8	5.5
RTZ Oil & Gas*	£m	1.9	14.7
CRA (49% owned)	£m	59.5	68.4
Rising Uranium (44% owned)	£m	25.1	26.8
Rio Algom (52.5% owned)	£m	20.7	19.1
Palabora Mining (38.5% owned)	£m	6.9	10.2
Rio Tinto Zambabwe (50% owned)	£m	2.0	1.9
LASMO Enterprise (25.5% owned)	£m	4.0	16.3
Other operation less miscellaneous costs	£m	(17.5)	(9.1)
Taxes on dividends	£m	(31.3)	(29.1)
Total	£m	244.5	257.4
* Wholly-owned subsidiaries.			

negotiating to buy Foots Mineral, a subsidiary of Newmont Mining of the US. RTZ is interested in the lithium and ferro-silicon operations of Foots, which is being split up and sold off by Newmont after it lost US\$40m in the last two

years. RTZ Group earnings per share were down to 78.5p from 83.0p, but the dividend is to be increased to 23.5p (22p).

The 1986 results were restated to account for the fact that RTZ's stake in CRA, the Australian associate, fell during the year to 49 per cent, allowing RTZ to equity-account for its interests for the first time.

Group pre-tax profit was £502m (£314m) and tax took £275m (£277m). Outside shareholders accounted for £92m (£80), leaving net profits of £245m (£237m).

The group charged £22m (£27m) to extraordinary items, after writing off its investments in Rio Tinto Zinc, which runs the Spanish copper mines where RTZ originated, and in East Kempville mine in Nova Scotia. These losses were partly offset by a gain on the sale of CRA shares.

Sustained capital spending, both on internal investment and acquisition, totalled £463m and net debt to £710m in 1986, leaving the ratio of net debt to total equity from 28 per cent to 36 per cent.

See Lat

## Wimpey has good year with 42% increase

George Wimpey, the construction and housebuilding group, pushed up its pre-tax profit by 42 per cent, from £48.9m to £69.5m, in 1986. Turnover fell from £1.58bn to £1.46bn.

The group had a good year in North America. In Canada, restructuring and other action taken, linked with an upturn in the Ontario economy, produced markedly improved results, reported Mr Clifford Chetwood, the chairman.

Housing markets in Ontario and California were buoyant, but the fall in the oil price affected the markets in Alberta and Texas.

Elsewhere, the group performed well, he said. Wimpey Homes legally completed the sale of 16,712 houses. After a levelling off in sales in the second half of last year, the company was back on a growth pattern and with improved margins.

A "disciplined approach" was maintained in contracting where margins were low but cash generation good. Reorganisation of the asphalt, quarry and waste businesses led to significant improvements in profitability.

Trading profit for construction related activities increased from £48.4m to £72.3m, after a cut from £11.6m to £3m in exceptional charges. Property development and investment contribution fell to £13.5m (£20.5m) but associated companies produced a profit of £1.4m, against losses of £2.5m.

Chetwood said the financial position of the group improved further. Cash flow was sufficient to fund operations and gearing and net balance commitments were reduced.

At the year-end net borrowings were £195m (£193.5m) representing 38 (42) per cent of shareholders' funds. Reshaping of the UK business into clearly defined and actively related divisions had been achieved, and he predicted further progress would be completed within the current year.

In 1987 the continued benefits of restructuring and signs of increased business activity provided some encouragement for the future.

Earnings for 1986 improved to 18.3p (14.9p) and the final dividend is 7.5p (6.7p).

This year there were extraordinary charges of £2.5m, compared with credits of £4.3m. The sale of Wimpey Merchants' buildings' market, resulted in a surplus of £8.3m; against that was a £5.7m provision against certain residual contractual guarantees following the withdrawal from a proposed joint venture with the Rust Corporation in Texas, and £4.1m closure and reorganisation costs.

See Lat

BERRY BIRCH & NOBLE (financial services and insurance broking)—Final dividend 2.5p net as forecast in USM placing. Turnover for year ended January 31, 1987 was £4.1m (£3.38m) and pre-tax profit £808,000 (£687,000), thereby exceeding forecast. Attributable profit £430,000 (£385,000) and earnings 9.3p (8.4p).

## Burmah earnings lifted by strong Castrol advance

The Burmah Oil company yesterday reported net income ahead by £4m to £56m from a higher than expected tax charge had badly dented a one third rise in pre-tax profits.

Mr John Malby, Burmah's chairman, said that over the last year, its century-old group had posted record trading profits, made an £80m rights issue and a series of disposals and acquisitions. It no longer has any direct oil and gas exploration activities—having injected these into Premier Consolidated Oil in exchange for a 25 per cent equity stake.

The strongest of Burmah's three trading areas was Castrol, the lubricants and fuels activities. Here profits before interest were ahead 40 per cent to £83.1m — with the 1986 result exceeding City analysts' forecasts for this year.

Overseas Castrol had built up its market penetration in both the US and Japan. Its motor oil products, which have a quarter of the UK market, have now gained a 9 per cent share of the open-market in the US and a 3 per cent share of the united part of that in Japan (on which £2m pre-tax profits were made).

The second key division is specialty chemicals which made a 50 per cent higher trading profit contribution of £11.7m (£7.8m) in 1986. In the third

area, liquid natural gas and energy investments, Burmah reported trading profits of £18.5m (£21m).

Plans to sell the group's 50 per cent share in Faldstan Petroleum to Shell have had to be abandoned after the Pakistan Government declined to agree to the change of ownership. This company contributed almost all the £8.5m from energy investments in these results.

After central management costs of £7.8m (£7.5m), continuing businesses contributed a pre-interest £115.5m (£88.1m). From discontinued activities came £2.7m (£1.8m)—giving a trading profit total of £118.2m (£101.7m). Interest charges were £12.2m (£23.1m), leaving pre-tax profits at £106.0m (£78.6m).

Taxation is proving a troublesome area for Burmah. Several of its key overseas markets levy high rates of corporation tax while in the UK the lack of available profit cover for ACT has led to the writing-off of £7.6m. This pushed the overall tax charge up to £48.9m or a rate of 47 per cent compared with 35 per cent in 1985.

Net income after minorities and before extraordinary charges of £20.4m (£24.2m) was £55.2m (£51.3m) and earnings per share on a weighted capital were 35.5p (34.3p).

A final dividend of 9.5p is

being recommended, making 14p (12.75p) for the year. Shareholders are being offered the alternative of shares instead of cash for their dividends.

## comment

Castrol has surprised even Burmah's avid fans. However, this division's strength points up the imbalance in the group more strongly than ever and as the growth is coming primarily overseas, there is insufficient tax-cover and another weeping finance director has had to hand over millions to the taxman. All this points to the need for a moderately stable US acquisition. With no debt to speak of, Burmah has very deep pockets, perhaps as much as £500m is available should it wish to go for something really big. However, shareholders might revolt if having got off to 1986-87, the group's centennial is not the case to go for Century and Burmah has lost favour since it gained pounds. By giving the divisions their head, Burmah is indicating that 1987 will see a lot more piece-meal acquisitions and Adhesives could be the target area. This year a net income of £50m is likely which puts Burmah, at 45p, on a 2 1/2 of 13.

## De La Rue makes £6.8m acquisition

De La Rue is buying Fortronic Technology Holdings for some £6.8m cash, including a small deferred element.

The offer is up to 70p per ordinary share, and shareholders representing 98.4 per cent of the capital have irrevocably undertaken to accept.

Fortronic is a private company, based at Dunfermline, and its principal activities are the development, design, manufacture and supply of electronic banking and payment systems.

In the year ended March 31 1986 Fortronic earned a loss of £100,000 on turnover of £10m, which was exacerbated by extraordinary charges of £800,000 relating to the closure of certain businesses.

It continued to trade at a loss in the first half of 1986-87 when further reorganisation took place; in the second half it was traded at break-even.

Shareholders' funds at end February were £13.3m.

## Near £2m profit rise at Addison

STRONG ORGANIC growth and a series of strategic acquisitions were reflected in the 1986 results of Addison Consultancy Group. Turnover advanced from £57.84m to £85.41m and pre-tax profit from £4.43m to £6.34m.

A year ago Addison merged with Chetwood Streets, and the 1986 comparisons have been restated on merged accounting principles. In June Taylor Nelson Group was purchased and in October Addison International acquired.

Mr Julian Broad, chairman, said six divisions had been formed. The group was among the UK market leaders and had begun international expansion—offices were operating in US, France, Belgium, Singapore and Australia.

Taylor Nelson contributed significantly to the momentum of business, while there were excellent opportunities ahead for Addison following rationalisation of a number of businesses. That, with the application of the group's own resources, led to a £6.7m adjustment in reserves. Historically profits have been stronger in the second half and, with the acquisitions made, Mr

Broad thought they were likely to become more so. "We view the future with confidence and expect a satisfactory outcome for the current year," he concluded.

Earnings for 1986 came to 8.98p (8.42p) per share after tax £2.3m (£1.96m) and minorities £15,000 (£5,000). The final dividend is 1.7p for a net total of 2.5p (£1.14p).

## comment

These Addison Consultancy results, boosted by £1m from acquisitions, should be a good answer to all those who thought that the Page/Smith empire had grown too big for their booties. Clearly, Addison bought less than it bargained for in the ADDCOM, hence the £2m supplementary asset write-down and the fall in the group employment level from a merger accounted 1,000 to 1,500. And the sorting out process looks likely to continue. Over the last two years Addison's shares have not been exciting performers as the company's paper has been over-used. Even though the management was reorganised yesterday that might be about to head down the takeover trail again, the hope has to be that next time (on the Continent) a mixture of cash and shares will place managers (golden-handcuffed owners included) on an earn-out. This year £10m is in view which was the shares at 145p on a prospective p/e of 15.

## Glass Glover £11.6m disposal

Glass Glover Group has sold long leasehold interests in its distribution depots at Chespot, Harlow and Maltby, to a private company, Circledale, for £11.6m cash, partly to reduce dependence on short term borrowings.

The consideration approximates to the book value of the properties which Glass Glover has leased back on full insurance and repairing 25 year

leases. The aggregate rental is £1.36m per annum, beginning October 1987, subject to review in 1987 and at five yearly intervals thereafter.

Circledale, which is financed by Manufacturers' Hanover Trust, has an option during the first 2 years whereby it can require Glass Glover to repurchase all three properties together at the price paid, plus expenses.

and finance charged in £1.98m (£1.85m) and the industrial site £97,000 (£107,000). Earnings rose to 37p (18.5p) per share and a final dividend of 4.5p raises the total from an adjusted 3.85p to 8.35p.

The directors said the contract hire and leasing companies made good progress in the second half and were now in a strong position to take advantage of expected market growth.

The new shares being issued represent some 15.5 per cent of Bramall's enlarged capital.

## Bramall tops £4m and expands in the US

C. D. Bramall, the Bradford-based Ford main dealer, yesterday revealed a £26.3m (£16m) US acquisition along with its results for the 1986 year showing profits up by 27 per cent at the pre-tax level.

The company is proposing to purchase Geico International and its subsidiaries, Geico Contract Hire and Geico Fleet Leasing and Management, together referred to as Geico UK.

Of the consideration, £10m is to be financed by a medium-term loan from Bramall's bank and some £1m from existing cash resources and facilities.

It is proposed that the balance should be financed via an issue of 2,137,086 new ordinary shares, which have been placed at 265p by Barclays de Zoete Wedd with certain Bramall family shareholders and with institutional investors, subject to the rights of other shareholders and stockholders to subscribe for sufficient new ordinary shares to maintain their proportionate interest.

The new ordinary shares to be issued will raise some £3.2m net of expenses. The initial consideration will be some £25.3m in cash on completion of a maximum £1m payable depending on Geico International's profits for the year ending July 31.

Bramall's turnover for 1986 improved from £102.62m to £187.32m and pre-tax profits surged by £900,000 to £2.21m.

The main dealerships contributed £2.88m (£1.77m) to profits. Contract hire, leasing

and finance chipped in £1.98m (£1.85m) and the industrial site £97,000 (£107,000). Earnings rose to 37p (18.5p) per share and a final dividend of 4.5p raises the total from an adjusted 3.85p to 8.35p.

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This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the ordinary share capital of Bellwinch plc to be issued and to be admitted to the Official List. It is expected that the Company's ordinary share capital will be admitted to the Official List on 13th April, 1987 and that dealings will commence on 16th April, 1987.

## Bellwinch plc



(Registered in England No. 1896927)

Placing  
by  
Hill Samuel & Co. Limited  
of

10,196,670 Ordinary shares of 10p each at 115p per share

Bellwinch designs, builds and sells a wide variety of homes and flats, principally in London's Docklands, the Home Counties, including the Thames Valley, and the Swindon area. The Group markets its homes under the names Regis, Malcom, King House and Webb Homes.

Share Capital  
(following the Placing)  
Ordinary shares of 10p each

Issued and fully paid  
£3,107,023

The Ordinary shares being placed rank pari passu in all respects with the Ordinary shares in issue following the capital reorganisation described in the Listing Particulars dated 9th April, 1987 and will thereafter be entitled to participate in full for all dividends and other distributions declared, paid or made on the ordinary share capital of Bellwinch plc.

In accordance with the Rules and Regulations of the Council of The Stock Exchange Hill Samuel & Co. Limited has instructed Alexander Leung & Cruickshank and Kleinwort Greaves Securities Limited to place 7,697,502 and 2,549,168 Ordinary shares respectively.

Particulars relating to Bellwinch plc are available in the statistical service of Emtel Financial Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 14th April, 1987, for collection only, from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2TX and up to and including 24th April, 1987 from:

Hill Samuel & Co. Limited  
100 Wood Street,  
London EC2P 2AJ

Alexanders Laing & Cruickshank  
Piercy House,  
7 Copthall Avenue,  
London EC2R 7BE

Bellwinch plc  
Malcom House,  
Empire Way,  
Wembley,  
Middlesex HA9 0LW

Kleinwort Greaves Securities Limited  
20 Fenchurch Street,  
London EC3P 3DB

10th April, 1987

## Kentish Homes Limited



Westferry Road London E14

Développement Financé for Building Contract  
£14,500,000

Introduced and negotiated by  
CHANCERY SECURITIES  
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arranged and managed by  
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Chancery Securities PLC National Australia Bank Limited  
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& Discounts Limited United Bank of Kuwait Limited

March 1987

## Aberdeen Steak results postponed

Aberdeen Steak Houses has postponed the publication of its results for 1986.

Mr Salk, chairman, said he did not know when the results would be produced but he expected it to be within a week to ten days.

In March two of the group's non-executive directors resigned. They said their decision followed a High Court ruling that Aberdeen underpaid staff. The group's brokers, Fiske and Co., have also resigned.

Mr Salk refused to comment on the resignations. Results for 1985 showed pre-tax profits of £813,000 on a turnover of £8.9m. Shares in Aberdeen closed up 1p at 66p.

BROWN SHIPLEY Financial Fund showed a capital appreciation of 23.7 per cent over the six months to February 15 1987.

The interim distribution amounts to £9.57 per 1,000 units—an increase of 11.5 per cent on the corresponding payment in 1986.

## F &amp; C Pacific asset growth

Earnings for the year ended January 31 1987 at F & C Pacific Investment Trust fell from 2.61p to 2.25p, but the dividend is lifted from 1.5p to 2p net with a final 1.4p. In the previous year there was also a 1p special payment.

Net asset value rose by 52 per cent to 314.7p and the directors are proposing a one-for-one scrip issue. Following that, warrant holders will receive additional warrants on the same basis and the subscription price will be halved to 77p.

After experiencing a strong year in Japan, more emphasis was being placed on California and the smaller markets of East Asia. Just over 50 per cent of the portfolio is in Japan.

## GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	div. (%)	P/E
101 118	Ass. Bt. Ind. Ordinary	107	7.3	4.8	6.8
103 121	Ass. Bt. Ind. CUS	102	10.0	6.1	—
40 28	Amesbury and Boscawen	28	4.2	11.7	5.0
80 94	BBS Design Group (USM)	79	1.4	14.1	18.1
222 180	Bardoe Hill Group	221	4.6	2.1	26.1
125 55	Brey Technologies	125	4.3	3.4	14.8
138 78	CCL Group Ordinary	134	2.8	2.2	9.5
107 88	CCL Group 11pc Conv. Pl.	101	16.7	15.8	—
271 218	Carbonium Ordinary	270	10.7	4.0	11.7
94 80	Carbonium 7.5pc Pl.	94	1.7	11.4	—
126 76	George Blair	126	4.7	5.0	7.8
178 119	Iels Group	122	18.3	—	—
125 101	Jackson Group	125	8.1	4.9	8.5
377 280	James Burrough	368	17.0	4.6	10.3
100 88	James Burrough Sp. Pnt.	83	11.2	1.9	—
1035 242	Mellinhouse NV (Amst)	675	—	—	35.4
350 280	Record Ridgway Ordinary	283	—	—	6.5
100 85	Record Ridgway 10pc Pl.	88	14.1	18.4	—
57 48	Robert-John	48	—	—	3.7
80 30	Scruttons	80	—	—	—
154 67	Torley and Carfile	154	5.7	3.7	9.3
340 221	Travlin Holdings	225	7.9	2.4	6.8
91 42	Unilever Holdings (SE)	85	1.1	2.8	15.7
135 65	Water Alexander	135	1.1	8.0	12.0
200 150	W. S. Vears	150	17.4	8.0	19.3
108 57	West Yorks. Ind. Hosp. (USM)	100	2.6	5.8	14.3

Granville & Company Limited  
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## UK COMPANY NEWS

## Coloroll in £88m agreed offer for Crown House

BY NIKKI TAIT

COLOROLL GROUP, fast-growing wall coverings and home furnishings group, yesterday unveiled an £88m recommended bid for Crown House, which has interests in civil engineering and tableware. The bid would double the group's size.

Coloroll had been widely tipped as a buyer of Crown House's tableware division, which reported a half-time loss. Its products include Denby stoneware, Edinburgh and Thomas Webb, Dema glass and George Butler silverware. Last month, Coloroll confirmed a 4.7 per cent stake in Crown House.

Coloroll said that although the engineering interests, which include lightning conductors and electrical control systems, would probably be disposed of in nine to eighteen months time, it saw scope for pushing up performance first and obtaining a better price.

Mr John Ashcroft, Coloroll's

chairman and chief executive, added that 10 offers had already been made for all or parts of the engineering business, which at present might fetch £40m to £50m. Companies rumoured to be interested in the past include Matthew Hall, Corbin and prior to its own bid battle, Norcora.

In the year to end-March 1986, Crown House made pre-tax profits of £7.2m on sales of £202.5m, with £2.8m coming from the tableware division and £4.4m from engineering. In the first six months of 1986-7, tableware was down to a £341,000 loss, hit partly by the fall in US tourist demand. Engineering, however, doubled its contribution to £1.58m.

In the present year, pre-tax profits for the group are expected to be about £8.5m.

Coloroll said the acquisition would extend its range of home fashion products and that its

own marketing and design input would help Crown products. Both companies have substantial North American business and Coloroll had been poised to sign a distribution agreement with Denby Canada.

Coloroll's offering one share for each Crown House share, with a cash alternative of 30p. Although the bid is recommended, there are no irrevocable acceptances. Coloroll said it believed a number of major institutions, including M&G which has a 10.7 per cent stake, were supportive.

Yesterday Coloroll shares slipped 11p to 31p while Crown rose from 23p to 33p.

The deal would create a group with sales of £450m, and involve the issue of 28m new shares or 30 per cent of the enlarged group. Gearing prior to any disposal would be about 32 per cent and the Crown House contribution to profits would need to be some £8.5m in 1987-88 to prevent any dilution.

## Lex pays £33m for Sears motor offshoot

BY RALPH ATKINS

Lex Service, the vehicle and electronic components distributor, has bought the retail motor distribution arm of Sears in a deal worth £33m.

The acquisition makes Lex the largest car and truck retailer in the UK.

Sears Motor Group's main trading names are Shaw & Kilburn, SMT and Gilbert Rice. At the time of acquisition it had external borrowings amounting to £50m.

The acquisitions will complement Lex's existing retail operation which includes Lex Brooklands, Lex Moss, Lex Tilston and Sellers & Betty.

Lex currently sells Volvo, Rover, Jaguar and Rolls-Royce cars and Leyland and ZEP trucks. Sears will add the Vauxhall, Opel, Bedford, Volkswagen, Audi and Ford names to its dealerships.

Sears Motor Group also includes a car and commercial vehicle contract hire fleet of some 3,000 vehicles. This has been sold for £14.5m to Lex Vehicle Leasing which is owned equally by Lex and Lombard North Central.

Lex is paying £33m for the entire issued share capital of the motor group and a £11.5m loan note payable by the Sears Motor Group. It will be financed through £14m cash and the issue of 8m new Lex shares.

The new shares are being placed by Lex's brokers, Phillips & Drew, at 40p. Shares in Lex closed down 14p to 40p.

Mr Geoffrey Maitland Smith, chairman and chief executive of Sears, said the sale had released £25m for Sears, of which £25m was profit after the book

value of the motor group has been deducted.

He said the division had been sold because it did not fit with Sears' retailing and betting interests. "Whilst it has produced a satisfactory return for Sears we don't regard it as a core holding in our development," he said.

Unaudited management accounts for 1986 show Sears Motor Group contributing a pre-tax profit of £9.3m after interest on the £50m borrowing. The turnover was £342m. Audited figures for 1985 show a pre-tax profit of £8.8m on a turnover of £328.1m.

In 1986 Lex's automotive distribution division reported a pre-tax profit of £28.2m on a turnover of £600m. But the electronics components division incurred a loss of £4.5m on a turnover of £400.9m.

Mr Trevor Chinn, chairman and chief executive, said at Lex's annual general meeting yesterday, that the acquisition would not inhibit the development of the group's other activities.

"We are committed to the continuing development of both our automotive business and the distribution of electronic components and computer products," he said.

The enlarged Lex Automotive Group will consist of 84 dealerships in the UK. It will employ 4,800 people and have a turnover of more than £580m. Lex intends to operate the Sears Motor businesses independently from its existing retail operations. It is the first retail motor business Lex has bought since 1970.

## Hunter bidding for rest of Dom

BY NIKKI TAIT

HUNTER, the 76 per cent-owned Hilldown Holdings timber subsidiary is making an offer for the outstanding shares in Dom Holdings, maker of the building industry.

Hunter bought a 51.6 per cent stake from Dom's previous chairman, Mr Douglas McIntyre, who resigned last Saturday, at 130p a share. It is offering one share for every five Dom. With Hunter up 5p to 65p, that values each Dom share at 151p, the price at which it came back from suspension

yesterday. There is a cash alternative at 130p.

A couple of months ago, Dom revealed that it had slipped to a £108,000 loss in six months time, but saw scope for improvement in the second half.

Yesterday, Hunter said that it believed that sales and distribution would be greatly improved following the acquisition. Within Hunter, subsidiary companies Mullin-Denny and May & Hassell have about 180 outlets which could take Dom products.

Some of Hilldown's furniture companies use Dom products, but this accounts for less than 1 per cent of Dom's £17.6m turnover. The post-acquisition percentage, suggested Hunter, could rise to 5 or 6 per cent.

Hunter added that there was no intention of making major disposals following the acquisition. Net assets of the group were put at £5.9m in March 1986, and it comes with about £2.5m debt.

If the paper offer is fully taken up, Hilldown's stake in Hunter would reduce to about 74 per cent.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year	Total this year
AB Ports	1.5	May 29	3.38	6	6
Accord Fabrics	1.5	June 1	1.4	2.3	2.11
Addison Computers	1.5	June 1	1.75	4.63	2.51
A Beckman	1.5	June 1	1.96	—	5.73
Berry Birch	1.5	June 1	—	—	—
Better	1.5	July 1	1.3	2.3	1.9
CD Brannan	1.5	May 24	3.59	1.59	3.29
Burnham Oil	0.5	July 17	8.25	14.7	12.75
Connells Est	0.4	—	3.3	8.4	4.2
Dowling Mills	0.4	May 29	0.58	—	1.98
F & C Pacific	1.5	May 29	1.97	2	3.91
Falkes Group	1.5	July 2	1.05	1.5	1.4
French Connections	1.5	July 1	1.3	2.5	5.25
Frost Group	2.75	July 1	2.3	2.5	4.5
Hammerson Property	0.5	June 15	7.2	10.5	9.3
Helical Bar	2	—	—	—	—
Redman Stuart	1.38	July 14	1.13	1.9	1.7
Kalon	0.82	—	—	—	—
Laidlaw	32.8	June 3	1.7	1.38	0.8
Lee Refrigeration	0.5	May 16	8.5	12.5	12.5
London Finance	1.1	—	1	1	1
President Kats	1.5	May 29	1.33	2.26	2
Raine Inds	10.4	May 29	0.7	4.25	3.8
Reckitt	3.38	—	15	23.5	22
RTZ	16.5	—	15	23.5	22
Rubens	8.1	May 15	6.4	10.5	8.6
Simon Engineer	8.8	July 1	6	11.5	8.5
Spirax-Sarco	4.3	July 14	3.8	5.7	5.3
Wayne Kerr	31.1	—	1.7	1.5	1.5
George Wimper	3.75	July 1	2.9	4.75	3.75

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ US\$ stock. § Unquoted stock. ¶ Included special ip.

## Hambro Countrywide

Hambro Countrywide, has acquired the capital of Vaughn Mitchell in a profit-linked deal.

Maximum consideration is £1m payable by instalments. An initial payment of £501,000 has been made, of which £201,000 has been paid in cash and the balance through the issue of 51,948 shares in Hambro at 3.85p per share. The balance of the consideration will be settled with the issue of a convertible loan stock, convertible into Hambro shares according to performance over the next two years.

If profits for the two years ending March 31 1989 are £250,000, then the loan stock will be convertible into 121,450 Hambro shares, representing the sum of £500,000 at a rate of £4.11 per share. For every £1 pre-tax profit fall short of that amount, then such sum will be reduced by 25 per cent. The number of shares into which the loan stock is convertible will be reduced accordingly. No further consideration will be payable if profits of at least £25,000, £75,000 and £187,500 in the periods ending December 31 1987, December 31 1988 and March 31 1989, respectively.

## Court ruling on Fraser's Lounho holding imminent

HIGH COURT judge Mr Justice Vinelott will decide tomorrow whether to continue temporary freezing orders won by Lounho last Friday freezing 288,000 of its shares held by House of Fraser and three of its nominees.

The temporary freezing order on the shares, of which 258,000 are held by House of Fraser and 10,000 each by Mr Nicholas, Square Mile Nominees and Midland Bank (Cornhill) nominees, will remain overnight.

But the judge refused an application to lift restrictions on 30,000 shares held by Mr Raymond Webb, an in-house lawyer employed by House of Fraser.

In the latest round in the running battle between the two companies, Mr Justice Vinelott, QC, for Lounho, accused House of Fraser of pursuing a "deliberate course of dishonesty" in giving fraudulent and misleading answers to Lounho's requests for information about its shareholders in Lounho.

Mr John Carr, for House of Fraser, said the information given to Lounho was accurate. "On behalf of House of Fraser, I deny absolutely that there was any specific intention to follow a deliberate course of dishonest conduct," he said. House of Fraser had yet to put in its evidence, which would give dates to support its case.

But Mr Vinelott said the evidence now showed that on a date in March, when House of Fraser told Lounho it held only 30,000 shares through nominees, there were at least a further 24,000 held by five people with its solicitors, Memory Crystal.

"These five interests were all acquired in a covert manner and false answers were given by House of Fraser and not only given but repeated and maintained after further pressing," said counsel.

## IN BRIEF

LONDON FINANCE and Investment Group (comparative figures have been restated to exclude profits, earnings and assets attributable to After Corporation FA, disposed of in 1986): Dividend 1.1p (1p) for 1986. Pre-tax profits £1.5m (£571,000). Total operating income £775,000 (£264,000) and exceptional profit of £397,000 (nil). Tax was £652,000 (£220,000) and net attributable profits £108m (£542,000).

BOOSEY & HAWKES (sheet music and musical instruments): Turnover for 1986 was £40.8m (£37.72m) and pre-tax loss £1.03m (£5.01m). Loss per 25p share 37.3p (137.8p) and no dividend (same). Net asset value 20p (225p). Company expects continued improvement in 1987.

A. BECHMAN (textiles and property): Pre-tax profits were £253,000 (£302,000) for half year to December 31, 1986. Turnover £7.2m (£7.3m). After tax £225,000 (£231,000) earnings per 10p share 5.3p (5p). Interim dividend 1.9p (same).

BETEC (engineering and property): Final dividend 1.5p (1.3p) making total 2.5p (1.8p) for 1986. Turnover was £16.6m (£14.77m). Pre-tax profits were £1.47m (£1.21m); tax took £225,000 (£238,000) and extraordinary items nil (£241,000). Earnings 3.46p (6.78p) fully diluted.

BUILDING ON THE PRESENT  
INVESTING IN THE FUTURE

## THE PRESENT

6... a sound performance which gives a solid base and scope for improvement in the future... 9

6... group pre-tax profits up by 28% to £2.4 million... 9

6... property division profits up by 21% to £1.8 million... 9

6... service division profits have increased from £125,000 to £250,000... 9

6... in engineering last year's small profit has seen an improvement to £150,000... 9

6... the trading results of the kitchen furniture company remained on an upward trend... 9

6... final dividend of 1.15p per share, an increase of 8.9%... 9

## FINANCIAL HIGHLIGHTS OF 1986

(year ended 31st Dec)

	1986	1985
Turnover	58,298	62,255
Profit Before Taxation	2,400	1,872
Earnings	4.50p	3.63p
Dividends	1.50p	1.40p
Net Assets Per Share	68.1p	57.3p



**FALMEX GROUP PLC**  
Registered Office  
Falcon House  
Old Forge Trading Estate  
Dudley Road  
Lye, Stourbridge  
West Midlands DY8 3EL  
Telephone: 0384 424242  
Fax No. 0384 424455  
Telex: 337328

## THE FUTURE

6... a major investment programme of at least £3 million consisting of... 9

6... a £1.75 million development of high specification industrial buildings... 9

6... a £0.75 million investment in the expansion and modernisation of our best treatment companies' plant and buildings... 9

6... a £0.5 million investment in Everdly Kitchen Cabinets to continue our expansion policy... 9

6... the establishment of our first overseas subsidiary in Hong Kong to expand our kitchen and bedroom furniture base... 9

6... two forging operations combining to reduce overheads... 9

6... all this will increase profitability when complete with the main benefits being derived from 1988 onwards... 9

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

## CITY SITE ESTATES plc

(Incorporated in Scotland under the Companies Act 1948 to 1967 - No. 53092)

## Placing

of  
£10,000,000 10·5 per cent. First Mortgage Debenture Stock 2017  
at 99·170 per £100 nominal payable in full on acceptance

Application has been made to the Council of The Stock Exchange for the whole of the Debenture Stock to be admitted to the Official List.

Particulars relating to the Company have been circulated in Retail Statistical Services. Copies of the Listing Particulars, together with copies of the latest consolidated accounts for the year ended 30th September, 1986, may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 28th April, 1987 from:

City Site Estates plc,  
Balfic Chambers,  
50 Wellington Street,  
Glasgow G2 6HJ

Phillips & Drew Limited,  
120 Moorpark,  
London EC2M 6XP  
National Westminster Bank PLC,  
Registrar's Department,  
P.O. Box 12,  
57 Broad Street,  
Bristol BS99 7NH

and up to and including 14th April, 1987 from Company Announcements Office, Quotations Department, P.O. Box 115, The Stock Exchange, London EC2P 2BT, for collection only.

10th April, 1987.

## NOW THE ATLANTIC IS 75% BIGGER



Once again Atlantic are pleased to announce the landing of bigger and better results.

In 1986 the Group continued its impressive growth record with turnover increasing by 75% to £320 million and pre-tax profit up by 45% to £21.6 million.

All divisions performed exceptionally well and the acquisition of ICA in December made the Group the leading independent supplier of IBM equipment in continental Europe, a position it already enjoyed in the UK. Great progress was also made in the move to larger premises in New York

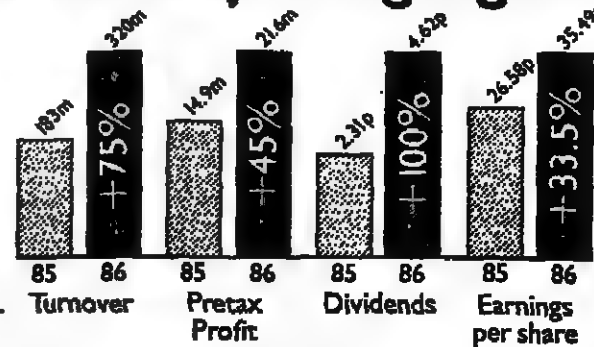
and the opening of an office in San Francisco. An increased investment programme by the Manufacturing Division in R & D for new products will produce significant returns in the coming year. Both the DEC Systems Division and the Financial Services Division, through its subsidiary Atlantic Medical, more than doubled previous years profits and promise an increased contribution to Group results in 1987.

Atlantic's growth will continue in the coming year with further substantial expansion coming from organic growth, acquisition and a widening of overseas operations.

The future prospects for the Group are very encouraging.

## Atlantic's 1986 Performance: Major Highlights

- Turnover increased by 75% to £320m.
- Profits up by 45% to £21.6m.
- Dividend increased by 100% to 4.62p per share.
- Earnings per share up 33.5% to 35.49p.
- Improved quality of earnings without residual profits.
- Further acquisitions speed growth in Europe.
- Increased R & D investment - new products for 1987 and 1988.



**ATLANTIC COMPUTERS plc**  
The Technology Services Group

For more details of Atlantic's success or wide range of services, send to our Corporate Affairs Department for our Annual Report and/or new Corporate Brochure.  
PLEASE TICK BOX REQUIRED  
Corporate Brochure ☐  
Annual Report ☐  
Atlantic Computers plc, Windmore House, Fetter Lane, London EC4A 1BR. Tel: 01-583 9481

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Tel \_\_\_\_\_

KALON GROUP PLC  
ANNUAL RESULTS

	1986*	1985	% Change
Turnover	£1,045	78,585	+3.1
Trading Profit	7,008	4,454	+57
Profit before Taxation	4,924	2,794	+75
Profit after Taxation	3,108	1,694	+84
Earnings per share	2.66p	1.40p	+90
Net dividend per share	1.38p	0.80p	+73

## Chairman's Statement

Pre-tax profits were up 75%, earnings per share up 90% and dividends increased by 73%. After several years of loss making Leyland, which was merged into the Group at the end of June 1985, made a contribution for the first time to overall results.

Sales in the UK improved in the second half. The decorative division maintained its major share of the retail market particularly in the 'own label' business. Trade paint sales showed continued improvement under the restructured management.

The performance of the Group at the end of the first quarter of 1987 is very encouraging, exceeding targets in all areas of the business. In the present economic climate, the board looks forward to a year of record performance. It is currently appraising a number of acquisition opportunities to complement the organic growth of the Group.

L. H. Silver O.B.E. Chairman

The Annual Report will be published on 22nd May and copies can be obtained from The Secretary, Kalon Group plc, Huddersfield Road, Batley, West Yorkshire WF11 5KA.

THE KALON GROUP IS THE LARGEST  
INDEPENDENT PAINT MANUFACTURER IN THE UK.



# SIMON ENGINEERING PRELIMINARY RESULTS

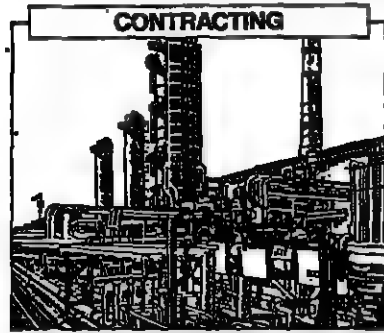
## Continuing profit growth from a well-balanced spread of activities

Group results for the year ended 31 December 1986		
	1986 £'000	1985 £'000
Turnover	503,317	539,350
Profit before tax	27,982	26,126
Profit after tax	19,831	19,697
Profit before extraordinary items	18,381	18,242
Extraordinary items:		
Bid defence costs	(2,850)	—
Cessation of activities	(4,259)	(8,640)
Profit for the financial year	11,272	9,602
Dividends	(7,441)	(5,487)
Profit retained	3,831	4,115
Earnings per Ordinary share before extraordinary items	29.3p	29.2p

The accounts above are abridged versions of the audited accounts for which the reports of the auditors were unqualified. The 1985 accounts will be filed with the Registrar of Companies.

- Fifteenth successive year of profit growth
- Visible benefits accrue from strategic investments in manufacturing operations

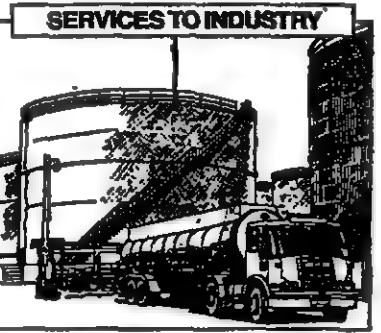
- 35% increase in total dividend
- International scope expanded by means of carefully selected acquisitions



Design, engineering, procurement and construction of large scale chemical, bulk handling and industrial process plants.



For flour and food preparation; corrugated carton manufacture; overhead cranes; coal preparation; effluent treatment.



Bulk storage and distribution of chemicals and fuels; specialised services to oil and gas producers.

"...our activities, especially those operating in and exporting from the UK, should benefit from the continuing improvement in the economic and trading position of this country...management is looking for further profit improvement in 1987."

Harry Harrison, Chairman

**SIMON ENGINEERING PLC**  
Cheadle Heath, Stockport, Cheshire SK3 0RT



## ABU DHABI NATIONAL INSURANCE CO.

(Incorporated in Abu Dhabi in 1972)

PAID UP CAPITAL US\$40,500,000

Head Office:

P.O. Box 839, Abu Dhabi — U.A.E.

Tel: 343171 Telex: 22340 ADNIC EM Telefax: 211358

London Office:

1st Floor, 40 Lime Street, London EC3M 5BY

Tel: 01-629 0268/9 Telex: 8951284 ADNIC G Telefax: 01-626 0834

### Balance Sheet at 31st December, 1986

Approved by General Assembly of shareholders on April 4, 1987 in Abu Dhabi

ASSETS		
1986 US\$'000		1985 US\$'000
517	FIXED ASSETS NET OF DEPRECIATION	501
3,257	INVESTMENTS IN REAL ESTATE NET OF DEPRECIATION	2,443
	CURRENT ASSETS	
35,078	ACCOUNTS RECEIVABLE AND PREPAYMENTS	36,008
28,149	INVESTMENTS IN MARKETABLE SECURITIES	28,308
104,622	CASH AND BANK DEPOSITS	121,782
167,849	TOTAL CURRENT ASSETS	184,078
171,623	TOTAL ASSETS	187,022
LIABILITIES AND FUNDS		
109,051	SHAREHOLDERS' FUNDS	125,725
29,823	INSURANCE FUNDS	29,147
	CURRENT LIABILITIES	
5,524	PROVISION FOR OUTSTANDING CLAIMS	6,154
15,063	ACCOUNTS PAYABLE AND ACCRUALS	13,834
12,162	DIVIDEND FOR THE YEAR	12,162
32,749	TOTAL CURRENT LIABILITIES	32,150
171,623	TOTAL LIABILITIES AND FUNDS	187,022

- Total premium written during 1986 amounted to US\$88.69 million.
- Net profit achieved during 1986 amounted to US\$28.54 million.
- The figures shown have been translated from U.A.E. Dirhams at US\$1=UAE DH3.7.

Chairman: Khalaf A. Al-Otaibah  
General Manager: Wasef S. Jabshah

## UK COMPANY NEWS

### Hammerson's £49m pleases City

BY PAUL CHESBRIGHT, PROPERTY CORRESPONDENT

Hammerson, the international property investment and development group, yesterday pleased the market with a 23 per cent increase in pre-tax profits and an 8 per cent rise in the net asset value per share. On the market, the price of the "A" shares, those most frequently traded, moved ahead 9p to 506p in response to the figures, which were at the top end of market expectations, but they slipped later to 503p as the market tumbled. Pre-tax profits were \$49.2m for the year to last December against \$40m in 1985. The net asset value per share increased to 601p from 559p. The group is following a

cautious dividend policy. The 1986 final is 8.5p a share, bringing total payments for the year to 10.5p against 9.5p for 1985. They are fully covered by earnings per share of 18.76p, 17 per cent higher than the previous year.

Profits have been increasing steadily in recent years, underpinned by the growth in gross rental income which in 1986 rose to £127.6m (£116.4m). Hammerson is gaining the benefit of rent reviews at Brent Cross in North London, where in March there was an average 90 per cent rise. Since last August the first phase of the shopping development at Middlesbrough City in Canada has

produced rental income. Shopping interests in Sydney have been extended and a portfolio of properties acquired in Paris has produced a full year's rent for the first time.

The size of the Hammerson development programme has risen to £132.5m from £102.5m at the end of 1985. Expansion is planned or in progress at the main shopping developments in the UK, Canada and Australia. Around 40 per cent of the programme is in the UK, with an emphasis on the City of London.

Key projects at Tower Hill and Finsbury Circus have been propped and the group feels it is largely protected against a

possible downturn in the City market. "I'm apprehensive that 1991 could see oversupply in the City," noted Mr Sidney Mason, the chairman.

The group is looking for further expansion in France where it has funds waiting for investment, and in Germany where it has two stores in Nuremberg under option. A search for property is taking place in the US.

Hammerson is offering its shareholders shares in lieu of the dividend, a measure largely directed at Australian group Goodman Fielder, which has been buying RHM shares recently, to meet in concert with RHM.

See Lex

### AB Ports 50% ahead at £26m

SIR KEITH STUART, chairman of Associated British Ports, yesterday reported a 50 per cent surge in 1986 charges accounted for pre-tax and added that 1987 had got off to a good start and prospects for the year were excellent.

Sir Keith said there had been encouraging and significant improvement in performance and profits at most group ports. Furthermore, the benefits of the recent investment programme were coming through and a number of new port facilities were now fully operational.

Port services turnover rose from £138.2m to £150.8m generating an operating profit of £20.5m, an improvement of £7.1m. The profits were struck after deducting severance payments of £3.7m (£4m) and providing £700,000 for the employee share ownership scheme.

Property income advanced to £8.4m (£5.5m) and investment income rose by £1m to £1.6m. At the half charges accounted for £2.3m (£1.1m).

A final dividend of 4p raises the total from an adjusted 5p to 9p net.

Sir Keith said it was the directors' aim to increase the profit contribution from property by redeveloping areas of land at ports and by increasing property activity elsewhere. He noted that this policy had received a major boost through the recent acquisition of the Grosvenor Square Properties Group.

Within the ports services sector, further progress was made at Southampton following the recovery achieved in 1985, and in the Humber ports of Grimsby and Immingham a record 30.5m tonnes of cargo

was handled. Capacity at the Hull container terminal had been expanded and at Goole, the Boothferry terminal was further extended and modernised.

Business at the south Wales ports was generally good. At Swansea, the ferry service to Cork will be revived this month.

The group operates other ports at King's Lynn, Lowestoft and Ayr.

Sir Keith noted that since AB Ports' flotation four years ago its market capitalisation had risen from \$45m to over \$400m.

He said he was confident that the group's financial position, its continuing investments in improved port services and its growing property activities all pointed to further expansion in the future.

### Strong rise in Cowie shares

Shares in T. Cowie, Sunderland-based car dealer and coach operator, rose by 55p to 450p on the expectation by Mr Tom Cowie, chairman, that results for 1987 would be substantially ahead of the £8.21m pre-tax reported for the previous year.

His comments at the annual meeting were based on the group's best-ever first three months.

The chairman added that a significant growth was expected in Cowie's financial activities and it had obtained a three-year revolving multiple option syndicated loan amounting to £150m, replacing the present £101m facility.

### Frost margins improve as profits near £2m

The Frost Group's results continue to reflect the policy of shedding low margin business. Tax on profits for 1986 fell sharply from £59.3m to £57.8m but pre-tax profits were up from £1.1m to £1.9m, or a margin of 3.3 per cent compared with 2.7 per cent for the half and 1.6 per cent for the whole of 1985.

The group, which operates in financial services, petrol retailing and sales promotions, is preparing to meet the challenge of Green Shield stamps by merging its petrol business with Mobil, giving it access to 800 forecourts. The other event which the directors felt would have a tremendous effect on the company was Kuwait's purchase of the UK end of Ultramar which

gave it 3 per cent of the UK market in petrol retailing, including previous acquisitions earlier this year.

The intention was to increase this share to between 5 and 7 per cent and Frost said that this could only be achieved by the procurement of independent dealer business and the acquisition of sites. Other companies would not stand by without defending their existing base, and therefore, as the largest independent petroleum retailing company, Frost was well placed in that situation.

Tax on the higher profits was only £78,000 higher at £382,000, compared with £1,000 (£82,000) and there were extraordinary debits of £27,000 (£198,000). Earnings per share came out at 10.87p (9.5p) for the dividend which is a total of 5.25p (4.5p) with a proposed final of 2.75p (2.5p).

### Redland

A headline in yesterday's FT incorrectly stated that the chairman of Redland was to join Bowater Industries. As the article beneath made clear, it is Redland's managing director who is moving.

### Atlantic Computers makes 45% advance

BY RICHARD TOMKINS

Atlantic Computers, the computer leasing company, accompanied its agreed bid for fellow computer lessor Compac with figures for the year to December showing a 45 per cent rise in pre-tax profits from £14.9m to £21.6m.

The 1986 figures include a contribution of £2.6m from ICA Holdings, the privately-owned Dutch computer equipment company acquired by Atlantic in December. This is included on a merger accounting basis, but the previous year's figures have not been adjusted to take account of it because the effect would have been negligible.

The core computer services division performed strongly, increasing profits from £11.7m to £16.4m. Some £1.5m of the increase was a first-time contribution from the IBM computer operations recently started in the US, but there was also a

considerable expansion of the European IBM computer operations through acquisitions.

DEC Systems had a "first-class" year, Atlantic said, with increasing profits from £490,000 to £1.75m because of significant growth in its hardware distribution business in the UK and North America.

Manufacturing suffered a profit downturn from £1.7m to £400,000, largely because of an increase in spending on research and development at Lion Systems and MPL.

The group's financial services division increased profits from £1.0m to £3.12m because of the continuing success of Atlantic Medical in supplying private hospitals and nursing homes with electronic equipment on flexible lease and rental plans. For the group as a whole, turnover rose from £183.1m to £220.1m. The pre-tax profit

margin was down because of Atlantic's decision to change its accounting procedure so that the residual values of leased equipment are only credited to the profit and loss account when they are actually realised.

Mr John Foulton, chairman, said that the opportunities created by the proposed merger with Compac, together with the increased levels of activity already seen from Atlantic in the first quarter, would result in significant growth prospects for the enlarged group.

● Comment

Having finally gridded up its joins and taken the road to Damascus unaccompanied by those embarrassing residuals, Atlantic was basking in a warm afterglow of self-righteousness yesterday and waiting for the market to pay appropriate

tribute in the form of an uplift in its rating. It was well rewarded: its shares put on 45p to 640p, so if forecasts of £43m for the combined group this year are fulfilled, the price is looking at a prospective p/e ratio of 12.4. That is higher than any computer lessor has been able to command in a long time, and should enable Atlantic to carry on making the sort of acquisitions which will provide the growth to sustain it. If this is a circular argument, there are still those who feel that investment in computer lessors, however well reformed, requires a certain suspension of disbelief. For the wary, it is hard to resist the observation that IBL is looking very cold and vulnerable out there on its own, and could offer the prospect of somewhat shorter term gains on an historic p/e of only 10.

### Downturn at Wayne Kerr

As expected, second half profits at Wayne Kerr showed an improvement over the first, but the full year 1986 still showed a reduction at the pre-tax level, from £13.1m to £555,000.

Increased spending on new product development and continuing uncertainty in the European and US electronics markets combined to influence the performance.

Earnings fell from 8.6p to 2.8p, but the dividend is raised to 1.7p (1.5p) with a final of 1.1p.

The group is engaged in the manufacture of micro-processor based equipment, and is quoted on the USM.

The directors said they expected 1986 to be tough and they took appropriate action. Considerable resources were devoted to launching an improved range of CAD products. Positive benefits from that expenditure were expected in 1987.

The German and US subsidiaries also suffered from the downturn in activity, and the German company had a disappointing second half, reflecting the high Deutsche Mark. Group turnover in the year fell to £11.54m (£11.75m). Tax took £265,000 (£440,000).

OTTOMAN BANK: After-tax profits for 1986 were £15.32m (£8.9m) after special items nil (£2.54m).

### Kalon advances to near £5m

AFTER completing its rationalisation and thanks to improved second-half sales in the UK the sales group through at 2.86p (1.4p).

Redundancy and rationalisation costs of £1.14m (£982,000) were charged to extraordinary debits.

● Comment

The key figure was missing from these results; how much Leyland contributed after making a near £900,000 loss last time. Kalon has now integrated the groups and cannot split the figures out—but a modest assessment of the turnaround would explain half of the pre-tax profits rise. There are fur-

ther rationalisation benefits to come from the closure of the Mitcham plant; add in a further improvement from Leyland, including chemical profits and a growing contribution from other label plants and £7m this year is not out of reach. The management has its sights set on further acquisitions to exploit the snag is that the gearing, 80 per cent at the balance sheet date, limits the scope for a cash offer. And any paper acquisition will be limited to the quoted sector while the prospective p/e, on yesterday's share price of 43p, remains stuck at around 11.

### INTERNATIONAL COLLABORATION IN AEROSPACE

— Problems, Progress & Prospects

Paris 9 & 10 June, 1987

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## UK COMPANY NEWS

## Hewden-Stuart up 30% and going strong

FOLLOWING the 31 per cent rise in interim profits, Hewden-Stuart reported a record £9.38m for the year ended February 1, 1987, up 30 per cent on the previous year's £7.22m. Turnover increased from £106.2m to £117.2m.

The profits were struck after a substantially higher depreciation charge which reflected the large capital expenditure in recent years as the group continued to modernise and expand.

Capital spending in the three years to February 1986 totalled some £50m and in the year under review exceeded £20m. Also, cash outlays in connection with acquisitions made during the year came to around £5m.

The strong cash flow derived from profits and depreciation enabled the company to finance this expenditure without raising borrowings, and thus interest costs, despite a substantial rise in average rates, remained almost static at £3.13m (£3.02m). Gross cash flow for the year rose to £23.4m (£20.7m).

The company said the outlook for the current year was bright and it was confident that the recent strong upward trend in profits would continue in 1987-88.

Earnings per 10p share were 6.51p (£5.88p) or 5.81p (£5.77p) fully diluted, and the dividend total is 1.9p (£1.7p) net with a final of 1.57p.

The company reported that after a strong start at the beginning of 1986, customer demand faltered in the summer months and was below expectations in the second half.

Conditions were disappointing in Scotland and North East England and trading results from the companies operating in these areas were below budget. Further south, where the bulk of the group's activities are now concentrated, demand after faltering in the summer/autumn, began to moderately increase and most companies exceeded budgets. This strength had continued in recent weeks and was now spreading northward through the country.

### comment

Hewden-Stuart's decision to drop the plant from its title this summer is symbolic of the group's strategy. Crane and earth moving equipment hire has spread beyond the traditional construction industries and into the south. Half its turnover now comes from south of Birmingham. In the past Hewden-Stuart has competed against uncompetitive prices from rivals with older and full depreciated assets but more recently it has gained from a rationalisation of the hire industry and has picked up several acquisitions at good prices. In addition it has benefited from a network of nearly 200 depots, a conservative depreciation policy and good cash flow. Pre-tax profits should increase to £11.5m in 1987. At 92p, up 84p, this gives a prospective p/e of about 10.5. This is, perhaps, a little pessimistic about the group's prospects.

## Record year by Connells as profits reach £5.3m

Record results were announced by Connells Estate Agents with turnover up from £7.97m to £16.34m and pre-tax profits jumping from £2.50m to £5.3m. Shareholders are rewarded with a 2.5p increase to 8.5p in the total dividend with a proposed final of 4.5p (£5.2p).

Mr John Simons, the chairman, said that the company had expected greatly improved earnings per share—up from 10.54p to 11.14p—and the results had more than fulfilled these expectations. The favourable conditions experienced for both the residential and commercial agency had continued in the current year. Those, coupled with continuing increases in market share and the opening or acquisition of new businesses, should bring further marked progress.

Mr Simons concluded that the company was exploring the commercial and residential divisions and said that some negotiations were quite advanced. Tax took £1.98m (£1.90m); the pre-tax profit was after charging amortisation of goodwill, £70,000 (£50,000) and employee share participation scheme £152,000 (£60,000). There were no extraordinary charges this time (£22,000).

## Raine interim profits trebled to £1.52m

Raine Industries, the growing holding company with interests in construction which has Mr Nigel Raine as its chairman, has reported almost trebled interim pre-tax profits. During the period to the end of December 1986 the company merged with Miller Wheelston.

Mr Raine said that Miller has been successfully integrated and that the profits of £1.52m, against £531,000 were above the group's forecast. Turnover increased from £12.54m to £16.72m and stated earnings per 10p share came out at 2.74p (£0.86p) undiluted and 2.28p (£0.71p) diluted. The interim payment is being increased to 0.4p (£0.22p).

The figures were prepared on merger accounting principles. Since the end of the period the group has bought Ford and Weston, shopfitter and contractor, and increased its stake in Tibbury Group to 22.2 per cent.

The tax charge was £445,000 (£182,000) and dividends absorbed £209,000 (£58,000) to leave retained profit at £868,000, against £281,000.

### MEPC/Oldham

MEPC has confirmed that its offer for Oldham Estates would remain open until further notice, and in any event until Oldham shareholders had been informed of its specific terms and had an opportunity to accept. The right to make a bid and match election had ended. The loan note alternative would remain open for as long as the offer remained open.

## Low oil price cuts Esso earnings 17%

BY MAX WILKINSON, RESOURCES EDITOR

Esso UK, the wholly-owned subsidiary of Exxon of the US, made an after-tax profit of £527m last year, 17 per cent less than in 1985, the company said yesterday.

The profits fall, which reflected the halving of crude oil prices, reduced the company's return on assets from 21 per cent in 1985 to 18 per cent. The adverse effect of lower oil prices was mitigated to an undisclosed extent by an improvement in Esso's earnings from refining and marketing.

In common with other integrated oil companies, it benefited strongly in the earlier part of the year from the fact that crude prices fell much faster than the price of its products in the market. Yesterday, Mr Archie Forster, Esso's chairman said the results were "very creditable" in a difficult year, and he expressed confidence that Esso would maintain a fairly high rate of investment in its business this year.

As a result of strenuous cost-cutting efforts, and some relief from oil taxes in the Budget, Mr Forster said there was now a good prospect that three substantial North Sea projects worth up to five would go ahead, in conjunction with its North Sea partner, Shell.

These are the development of the Kittiwake and Osprey oil fields, which together have reserves of about 110m barrels and will cost from £450m to £530m to develop; and the Sole Pit gas field which will cost £450m to £500m.

Esso says the development of Sole Pit depends crucially on the outcome of talks with British Gas about the price it will pay for supplies from the field. The argument centres on how to apportion the risks of a sharp fall or a steep rise in oil prices during the life of the field.

Last year Esso's total capital investment of £472m was 20 per cent below the level in 1985, but this fall partly reflected the fact that downstream investment in 1985 was unusually high. Esso's investment in exploration and production in 1986 was £370m, only about 10 per cent below the 1985 level.

Esso's production of North Sea oil and natural gas liquids reached a record of £11,000 barrels a day last year and sales of natural gas rose to their highest of 615m cubic feet per day.

## Laidlaw rises to £1m

Laidlaw Group, Edinburgh-based Ford main dealer, raised pre-tax profits 32 per cent in 1986, with profits doubling at the dealerships in Essex and Kent.

On turnover up by 11 per cent to £89.8m (£80.84m) the pre-tax result improved from a restated £229,000 to £1,09m. The directors are recommending an increased final dividend of 2.8p (£1.7p), making a total for the year of 4p (£2.8p). Earnings per 10p share showed a rise of 2.51p to 3.81p. The company's shares are traded on the

USM.

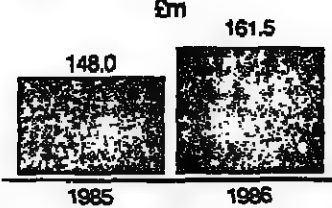
Mr Mac Robertson, the chairman, said that with the probable relaxation of Ford's five dealership limit, the group intended to acquire a further Ford business in the not-too-distant future. That, together with the excellent start made to 1987 made him optimistic for the group's growth prospects, he said.

During 1986 rationalisation at the Strathclyde dealership had resulted in a small profit being made in the first quarter of the current year.

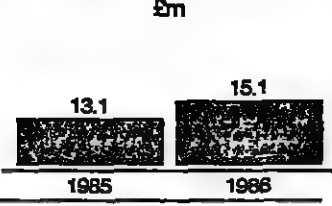


## 1986 AUDITED RESULTS

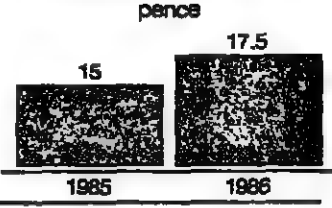
TURNOVER £161.5m  
Up 9%



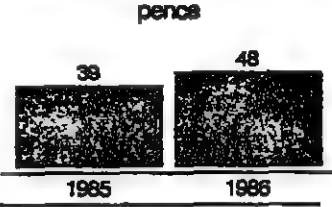
PROFIT BEFORE TAX £15.1m  
Up 15%



DIVIDEND PER SHARE 17.5p  
Up 17%



EARNINGS PER SHARE 48p  
Up 23%



## STRATEGY IN ACTION

### Hickson International PLC

For more information or a copy of the Annual Report, please write to the Secretary, Hickson International PLC, Castleford, West Yorkshire WF10 2JT

## Dowding & Mills up 30% and forecasts record year

A 30 PER CENT increase in pre-tax profits, from £2m to £2.6m, was reported yesterday by Dowding & Mills, Birmingham-based electrical and mechanical engineers, for the half-year ending December 1986.

Even without any improvement in the current level of activity Mr Peter Hollings, the chairman, said the group would have another record year. For the year to June 1986 pre-tax profits of £2.14m were achieved. The directors are stepping up the interim dividend to 0.64p (£0.58p), payable from improved earnings of 2.06p (£1.96p) per 10p share.

Bootham Engineers, which was acquired in July 1986, failed to achieve its profit forecast for its year to October, the chairman said. However, the restructuring and integration of the company was well under way, and the benefits of that were beginning to show through, he added. Bootham contributed £425,000 to the result.

Group sales for the six months rose 58 per cent from £14.53m to £23.22m, and current activity in the electrical engineering services industry was steady, he said. Tax took £293,000 (£701,000) and there were minorities of £9,864 (£13,300).

## Lec drops to £1.99m in poor trading year

DESPITE A better trend in second-half results, Lec Refrigeration ended 1986 with pre-tax profits lower at £1.99m, against £2.77m, on turnover down from £54.18m to £45.34m. The launch of two reworked and enhanced ranges of products helped to improve results in the second half. These new products are now well established and 1987 has so far shown positive progress in sales volumes and demand. Last year was a poor trading year due partly to very bad

weather in the first few months which caused heavy stock levels in retail outlets throughout the UK.

This situation resulted in reduced demand for much of the year. There was also continued intense competition in the industry, heightened by increased penetration of products from Eastern Europe. After tax of £716,000 (£1.2m) earnings per 25p share were £1.02p (£2.58p). The final dividend of 8.5p maintains the total at 12.5p.

## PRELIMINARY RESULTS TO 31 DECEMBER 1986

# Burmah

## PROFIT GROWTH UNDERPINS EXPANSION PLANS

Record profits from Castrol and Speciality Chemicals

Pre-tax profit up 33 per cent

Dividend increased by 10 per cent

Significant strategic developments have put Burmah in a strong financial position. The Group is well placed to seize new investment opportunities.

	1986 £ million	1985 £ million
Profit before tax	105.9	79.6
Profit after tax	56.0	52.1
Earnings per stock unit	33.54pence*	34.3 pence
Net assets per stock unit	254pence	229pence
Net gearing	2.2%	29.8%

\*Adding into account the increase in the number of ordinary stock units following the rights issue.

## THE BURMAH OIL PUBLIC LIMITED COMPANY

The directors are recommending a final net dividend of 9.5p per £1 unit of ordinary stock. Together with the interim dividend paid last December, this will increase the total of net ordinary dividends in respect of 1986 to 14.0p per £1 unit of ordinary stock. The final dividend, if approved, will be paid on 17 July 1987 to stockholders on the register on 15 May 1987.

The figures for 1986 are abridged from the Group's full accounts. The Annual Report and Accounts for 1986 will be published on 5 May 1987, and filed with the Registrar of Companies after the AGM, to be held on 29 May 1987. If you would like to receive a copy of the Annual Report please write to The Secretary, The Burmah Oil plc, Burmah House, Pipers Way, Swindon, Wilts, SN3 1RE.

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The Financial Times plans to publish a survey on Personal Financial Planning

APRIL 25 1987

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- ★ Financial Services Act — impact on the private sector
- ★ Pensions — Individual and Company schemes
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## UK COMPANY NEWS

## Simon meets bid forecast with £28m

Simon Engineering's results for 1986 were right in line with its estimates made during the recent abortive bid from Value-dale. Pre-tax profits were £27.98m, against the forecast of not less than £27.8m and £26.13m for 1985 and represents the 15th successive year of profit increases.

Mr Harry Harrison, in his last statement before he retires as chairman, said that during 1986 the company completed a number of carefully selected acquisitions to increase the international competitiveness and scope of certain existing operations in growth markets. Much of that investment was in manufacturing operations and

the acquisitions had been assimilated into the group, and were contributing to profit generation in 1987. Commenting on the highlights of 1986, Mr Harrison said that in manufacturing the expansion in the US had been outstandingly successful. Operations in the manufacturing division overall saw turnover rise from £112.67m to £122.8m and profits before tax up from £5.66m to £8.32m. With turnover improving from £65.92m to £72.89m and pre-tax profits from a loss of £279,000 to profit of £1.96m, the food engineering group had turned in much improved results, but still below the levels of previous years.

The engineering services group had a successful year. Although turnover was down from £162.08m to £132.41m the pre-tax profit improved from £4.95m to £5.78m. Intense competition in world markets for large-scale contracting was reflected in the results of the process plant contracting group with turnover down from £89.89m to £83.77m and pre-tax profits £2m down to £2.52m. But the group has recently signed a letter of intent for a large turn-key contract in the Soviet Union for the building of a complex for the production of advanced electronic equipment. Elsewhere, the oil services group saw a fall of £13.26m in

turnover to £23.65m and profits £1.47m down to £1.14m but there were indications in some areas of improvement. The merchandising and storage sector had another satisfactory year—turnover improved some £3m but profits marked time at £5.32m. Mr Harrison concluded that management was looking for further profit growth in 1987. Total group turnover last year fell from £539m to £503m but costs were down from £517m to £478m leaving operating profits up from £22.68m to £24.9m. The share of profits of principal related companies was £157,000 (£185,000) and net interest

receivable amounted to £2.93m (£2.26m). Tax charged was £8.15m (£5.43m) and minorities took £1.45m (£1.46m) leaving net profits of £18.38m (£18.24m). The Value-dale bid defence costs were £2.95m and other extraordinary items were £4.26m (£8.64m) and related to the cessation of various activities. Earnings per 35p share before the extraordinary items were 29.5p (29.5p) and as estimated the final dividend is 8.5p to make a total of 11.5p (8.5p).

**Comment**  
Simple Simon Engineering certainly isn't during the Value-dale bid, the confusing structure, with six divisions in widely diverging markets, was extra ammunition to add to the company's sluggish growth record. The new three sector split will not only ease the task of presentation but will also emphasise the underlying shift from contracting to manufacturing. A main plank in Simon's success in fighting off Value-dale was the fact that new management had already been installed—but it is now time for Simon to repay that confidence with some signs of growth. But the group may need to use its strong balance sheet to buy-in its growth this year. Unfortunately, the rising tax charge means that the less optimistic of analysts' estimates point to static earnings, even assuming a pick-up in pre-tax profits to £31.5m, earnings growth will hardly be spectacular. Whether that will be enough to fend off a suitor with more clout than Value-dale is open to question and adds a bit of spice to the share price, which fell 15p to 333p yesterday, despite the fact that these figures were forecast during the bid.

## Bellwinch making SE debut with £36m value

By Ralph Atkins

BELLWINCH, the house-builder, is being floated on the Stock Exchange via the placing of 10.19m shares, giving the group a market capitalisation of £36.7m.

Bellwinch & Co will place the shares, representing 32.5 per cent of the enlarged share capital, at 115p each. Dealings are expected to start on April 15. The brokers are Alcan and Laing & Cusackbank.

The group, formed after a management buy-out in 1985, builds houses in the London docks, Home Counties and Swindon areas. The flotation will finance further expansion.

"The business has progressed slightly better than we anticipated and it has been considered that now is a very good time to do a flotation," said Mr Ken King, chief executive.

Of the shares being placed, 7.65m are new shares issued by the company to raise £8.8m after expenses. The group's turnover has increased from £10.24m in 1983 to £23.16m in the year to June 1986, in 1987 the group incurred a loss of £277,000 but achieved a profit of £558,000 in 1985. This increased to £2.37m in 1986.

Mr King said the increase in profits has been helped by the property boom. A pre-tax profit of £4.6m is forecast for the year ending June 1987. At the placing price this gives a p/e multiple of 11.4 on the fully diluted share capital.

A notional net dividend of 2.5p gives a gross yield of 3.51 per cent. Free form net tangible assets per share will be 46p.

## Folkes up and investing

BENEFITS OF restructuring and investment in growth areas helped the Folkes Group to lift its pre-tax profit from a re-stated £1.87m to £2.4m for 1986. And after four years of retrenchment, rationalisation and redirection, the group was poised to take new initiatives and exploit new opportunities, said Mr Constantine Folkes, the chairman.

In the year property, services and engineering all showed better profits, while in consumer products the results were similar. Now the group was to embark on a minimum £5m investment programme, said the chairman. Under that £1.75m

would go to developing three property sites, £750,000 to expand and improve heat treatment plant, and £500,000 to keep Everdly in the forefront of kitchen furniture design and manufacture.

Turnover in 1986 came to £58.2m (£58.2m). Pre-tax profit for 1985 was reduced from £2.15m to £1.87m, being adjusted for the termination of the trading activities of two civil engineering companies.

After tax £464,000 (£300,000) and minority loss £12,000 (nil), earnings came to 4.5p (3.63p). The final dividend is 1.5p for a net total of 1.5p (1.4p). Extraordinary items took £1.27m (£1.15m).

## BOARD MEETINGS

TODAY	Low (William)	Apr 22
Investment International Investment Trust of Jersey, Turner, Usher Television.	Parvick Holdings	Apr 27
Finis: Brent, Welles, Cliff Oil, Condon, Dicks, Hest, Hay and Robert, Local London, Merit International Properties, Tyndall Holdings.	Aberdeen Stock Houses	Apr 23
	BS Group	Apr 21
	Finis (Albany)	Apr 19
	Phox (London)	Apr 19
	Quam Group	Apr 19
	Securities Trust of Scotland	Apr 22
	United Ceramic Distributors	Apr 19
	Viking Resources Trust	Apr 22
	Ward Group	Apr 28
	Amended.	

## Spirax-Sarco profit static as oil price fall lowers demand

BY ALICE RAWSTHORN

Spirax-Sarco Engineering, a specialist in fluid control equipment, yesterday announced a modest 4 per cent increase in pre-tax profits to £16.88m for 1986. The growth was achieved despite adverse exchange rates and difficult trading conditions in its core markets.

Given that Spirax-Sarco specialises in the manufacture of energy efficient fluid controls, demand for its products was sapped by the fall in the oil price. Chiefly because of the effect of cheaper oil, sales were sluggish: falling in the UK, stabilising in the US and rising marginally in Europe.

The Asian and Australian businesses, by contrast, continued to sport steady growth. Yet Spirax-Sarco is still finding it difficult to break into the Japanese market.

Nonetheless group turnover rose to £94.68m (£85.77m) in 1986. The UK accounted for 27 per cent of the total, Europe for 24 per cent, North and South America for 24 per cent and the rest of the world for 15 per cent.

Operating costs increased to £78.41m (£70.29m). Trading profits from the UK rose to £5.08m (£4.89m) and from overseas to £11.80m (£10.59m). Adverse exchange rates, however, erased an estimated £500,000 from the group's pre-tax profit.

Interest receivable fell to £610,000 (£695,000). Taxation also fell, reflecting a change in the mix of international profits.

to £5.15m (£5.22m). This boosted earnings per share to 14.5p (13.6p). The board proposes to pay a final dividend of 4.5p making a total of 5.7p (5.5p).

Dayton Controls benefited from the buoyancy of the UK domestic and commercial heating market and showed healthy growth. ABCO, which was acquired in February, operated at a small loss that should be reduced this year as product development comes to fruition. Given that Spirax-Sarco anticipates recovery in the UK market and a return to growth in both the US and Europe, the board has expressed its "optimism" for the full year.

**Comment**  
There can be few engineering groups quite so predictable as Spirax-Sarco. The City barely blinks at this set of preliminary and the shares slipped by 2p to 184p yesterday. Spirax's markets move so slowly that it is just as difficult for a competitor to eat away at its market share as it is for Spirax itself to make inroads into new markets such as the US or Japan. The combination of more client market and a steady stream of product development with the coming to fruition of four years of prudent investment in marketing in the US should ensure a respectable rise in profits to £18.7m or so this year. But Spirax's share is rarely traded, that the shares seem fully valued on a prospective p/e of 12.

## Ruberoid growth continues with profits up 29%

Ruberoid, has reported its 11th successive year of growth with a 39 per cent increase in pre-tax profits for 1986. Mr Thomas Kenny, chairman, said in spite of a difficult start the group was aiming for £10m profits for the present year.

Turnover improved from £117.42m to £137.76m, a rise of 17 per cent and pre-tax profit came out at £9.15m (£7.07m). Earnings per share were 34.93p (28.22p) and the dividend is being raised to 10.5p (8.6p) with a proposed final payment of 8.1p (6.4p). A two-for-one scrip issue is also being proposed.

The building products division, which is the main profit contributor, showed sales up by 17 per cent and profits up by 16 per cent. ATAB in Belgium did especially well, the chairman said while Vulcanite in the UK continued its progress.

Contracting sales increased by 22 per cent with profits more than doubled. Work during the period included re-roofing Alexandra Palace and

terminal three at Heathrow. Mr Kenny said the order book was good. He added that much money had been spent on the group's paper plant, but it had yet to prove its worth. There had been management changes last month which he said might change that.

Elsewhere in paper, plastic and resins, Catalin did not have a good year but Mr Kenny, who co-owns the company, as a temperamental said that the present year looked better. Coroplast, "after a difficult childhood," now earned good money and there were plans for expansion.

The group's contested £8.9m claim against Ernst & Whinney over Camrex, the marine and industrial paint maker which was liquidated in 1986 following losses, will be heard in December.

A property revaluation revealed a surplus of £2.4m, which was taken direct to reserves.

## Helical Bar shares jump as profits soar to £6.7m

Helical Bar, property developer and investor, took in £5.6m from the sale of 48 Chiswell Street, EC, so that pre-tax profits for the year to January 31, 1987, emerged at £488,000 for the previous year. After a five year absence, the company returns to the dividend list with a proposed final payment of 2p per 25p ordinary share.

The shares were marked up 70p to 920p yesterday. The company's share price has more than trebled in the last six months and the current price compares with the 1986 low of 56p.

During the year Helical completed its transformation from steel reinforcement to a merchant property company. New activities during the year

included entry into the Central London residential market and it continued to build up its stock of commercial developments.

The directors stated that the company was involved in a range of office and residential developments and prospects for 1987 were satisfactory. There would be a further £3.4m of profit to come in the current year from the Chiswell Street sale.

Turnover last year totalled £31.63m (£7.32m) and operating profits were £5.94m (£529,000). Interest payable was £275,000 (£241,000) and taxation took £2.45m (£240,000). Statutory profits were £579,000 (£138,000) and there were extraordinary items of £32,000 (£83,000) leaving attributable profits of £3.51m (£29,000). Statutory earnings per share were 101p (3.5p).

## President Entertainments jumps 46%

President Entertainments achieved substantial growth in 1986 with pre-tax profits up 46 per cent from £1.4m to £2.05m. Turnover rose 44 per cent to £11.31m, against £7.77m.

Mr Robert Earl, chairman, said the group continued to expand in all three divisions—cinemas, restaurants, chain restaurants and prestige restaurants.

Its continuing progress was due to the considerable development of existing restaurants and expansion into new and profitable areas. Mr Earl said the board intended to build upon the growth achieved in 1986 "by continued expansion and acquisition to make 1987 an even greater success."

After tax of £551,000 (£464,000) earnings per share increased 31 per cent from 6.18p to 8.1p. The final dividend is 1.5p (1.33p) net for a total payment up from 2p to 2.25p, costing £478,944 (£394,234).

## Accord tops forecast with £927,000

Accord Publications has comfortably exceeded the profits forecast made last June at the time of its flotation on the Unlisted Securities Market.

With sales up 70 per cent to £7.09m against a forecast of not less than £5.4m—pre-tax profits for 1986 more than doubled from £351,372 to £926,767. This compared with a projection of not less than £800,000.

Earnings per 5p share jumped from 2.9p to 8.5p, against a projected 7.5p. As forecast, there is a final dividend of 2.3p net—founding shareholders, including the chairman and his family trusts, are waving their rights to two thirds of their dividend entitlement.

The company said sales growth was helped by the successful launch of two new products—including the Champagne collection of greeting cards and the Silver Lightning range of wrapping papers. Further progress is expected in the current year.

New issue

This announcement appears as a matter of record only.

April 9, 1987



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Verband Schweizerischer  
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The following have been elected Directors:

Rodney Yates  
Managing Director

Linda Sutton  
Director of Trading

Leon Flax  
Director of Operations

MADOFF HOLDINGS LIMITED  
Members of the International Stock Exchange, London

80.82 Regent Street, London W1R 6QX 01.434.9185 Telex 947639  
110 Wall Street, New York, NY 10005 212.825.3910 Telex 235130

Affiliated with BERNARD L. MADOFF  
Investment Securities  
New York  
London



## APPOINTMENTS

Balfour Beatty  
finance man

RALPH BEATTY has appointed Mr Ronald A. Henderson as finance director. He leaves his present post as director of finance and administration with Brown & Root in the UK, to take up his new duties on May 1.

LESLIE & GODWIN has appointed Mr Roger R. Davies as managing director of Leslie & Godwin (UK) from May 1. He is chairman of Jardine Insurance Brokers.

Mr Hayden Green, chairman of WILLIAM GREEN & SON has relinquished the post of chairman and director of its subsidiary Grenson Shoes and has been replaced by Mr T. A. Parlow, group managing director. Mr G. Pearson has been appointed managing director of Grenson Shoes. He was chief executive of Tata Exporta plant at Dewas, India.

## Bank Leumi (UK) chief

Dr M. Meth has been co-opted to the board of BANK LEUMI (UK) and appointed chairman in place of Mr M. Eshkol, who remains on the board. In January, Dr Meth was appointed Chairman of Bank Leumi Le-Israel which owns the majority of shares in the bank. Mr S. Schrier of G.P. Holdings, which has subscribed for 510,000 new shares in the bank (about 9 per cent of the issued share capital), has also been co-opted to the board. Dr Y. Kadishay and Mr D. Friedmann have retired as directors. Dr Kadishay was formerly a general manager. Mr Friedmann, presently head of the international division of Bank Leumi Le-Israel, has been appointed managing director of the Union Bank of Israel, a subsidiary of Bank Leumi Le-Israel. Mr E. Lerner, with the group for 30 years, has resigned from the board.

Mr Frank Kennedy has been

appointed divisional director, overseas civil and building operations; Mr Bob Sutton, divisional director, overseas private development, time-share and leisure activities; and Mr Peter Grey has become divisional marketing director, international contracting, at GEORGE WIMPEY.

Mr Philip Swindells has been appointed sales and contracts director of SAUTER AUTOMATION, Slough. He was northern regional manager.

Mr Bob Kerr has been appointed store operations director of MOTHERCARE UK. He was with BHS, where he was a senior regional controller.

COMPAQ COMPUTER has

promoted Mr P. Peter Mayley, formerly UK marketing manager, to UK marketing director.

The WCRS GROUP has elected Mr Simon Olswang as a non-executive director. He has been legal adviser to the company since its inception and is senior partner of Simon Olswang and Co., solicitors.

Mr Clive Landa has been appointed managing director of AIR CALL TELETEXT and Allen Computers. He joins Air Call Communications after eight years with Mills and Allen International Group. He was managing director of Shepperton Studios and the Pearl & Dean Group.

YGG INDUSTRIES has been formed as part of the International Group of Companies. Mr Bill Marnell is appointed chairman. Mr Humphrey Metzger and Mr Dennis Lockwood, joint managing directors; Mr Ian Hay, financial director; Mr Glyn Church, sales director; Mr Peter Church, engineering director; Mr Malcolm Ponsford, production director; and Mr Martin Webb, company secretary.

Mr John Fair, managing director of John Tann, has been appointed managing director of TANN INTERNATIONAL with responsibility for the operations of Tann Security Products, Tann Canada and Tann USA. The post is in addition to his present responsibilities.

Mr Allen Jones has been appointed executive director to the London office of STADEN, new British venture of a Swedish financial investment house, Forvaltnings AB Gamlestad.

Mr Lawrence Aspinall and Mr David Hesketh have joined the board of CUTHBERT HEATH UNDERWRITING.

Mr Brian Connolly has been appointed managing director of LEX SYSTEMS LEASING, a joint venture company between Lex Service and Lombard North Central.

Mr Ian Taylor has joined GROSVENOR VENTURE MANAGERS, Slough, and has been appointed to the board of ANY Merchant Bank, has been appointed to the board as non-executive director. He was chairman of Bowater.

Mr Norman England has been appointed to the board of THE SCOTTISH HERITABLE TRUST as a non-executive director. He was chairman of Bowater.

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Board posts  
at Mowlem

Two divisions in the MOWLEM group have made executive appointments. Mr Alec Ward has been appointed to the board of Ernest Ireland, the Bath-based division of Mowlem Regional Construction. Mr Gerald Brown has been appointed financial director of Mowlem (Building), the group's general contracting division. He will remain financial director of Mowlem (Civil Engineering).

Mr David Channing Williams has been appointed director-in-charge of RACAL-VODATA and Mr Julian Reed-Smith becomes marketing director of RACAL-Vodafone.

Following the acquisition of Trade Promotion Services by EMAP, an exhibitions division has been formed. Mr Robert Mackenzie has been appointed chief executive and Mr Mike Wells deputy chief executive. Mr Mackenzie and Mr Wells retain their posts as managing directors of EMAP International Exhibitions and EMAP MacLaren Exhibitions respectively.

Mr Barry Phillips, chairman of GREY HOLDINGS PTY, of South Africa, is to join the board of RICHARDS LONGSTAFF, subsidiary of York Trust Group.

At WIRA TECHNOLOGY GROUP Dr Douglas N. Moore succeeds Dr Brian E. King as director and chief executive.

Mr Oliver P. Lodge has been appointed a director of EXCO FUTURES, a division of Exco Capital Markets. He was with Dresel Burnham Lambert.

Dr Ingram Leaton has been appointed to the board of WATTS BLAKE BEARNE AND CO. He was previously chairman and managing director of Bowater Industries.

## NOTICE

KAISER ALUMINUM & CHEMICAL  
INTERNATIONAL COMPANY

## 5% Subordinated Guaranteed Sinking Fund Debentures Due 1988

THIS NOTICE IS HEREBY GIVEN pursuant to the provisions of the Indenture dated as of February 1, 1986, as supplemented by the First Supplemental Indenture dated as of March 20, 1986 (the "Indenture"), among Kaiser Aluminum Europe Incorporated, formerly Kaiser Aluminum & Chemical International Company (the "Company"), Kaiser Aluminum & Chemical Corporation (the "Guarantor") and the Trustee under the Indenture (the "Debentures").

Pursuant to the terms of an Agreement dated as of December 15, 1986, as amended, between Alan E. Clark and the Guarantor, the Guarantor intends, subject to the receipt of requisite shareholder and lender consents, to reorganize its corporate structure into the holding company form of ownership (the "Reorganization"). The Reorganization will be accomplished through the formation of a new holding company, KaiserTech Limited ("KaiserTech"), the formation of a new wholly owned subsidiary of KaiserTech ("KaiserTech Sub") and the merger of KaiserTech Sub into the Guarantor in a transaction in which the holders of the Guarantor's Common Stock on the date of the Reorganization will receive one share of KaiserTech Common Stock for each of their shares of the Guarantor's Common Stock. As a consequence of the Reorganization, KaiserTech will own all of the Common Stock of the Guarantor then outstanding and the Guarantor's Common Stock, issued or to be issued, will no longer be publicly traded on the New York, Midwest or Pacific Stock Exchanges.

The Debentures are unconditionally guaranteed by the Guarantor and are convertible at the option of the holders into the Guarantor's Common Stock, all as provided in the Indenture and the Debentures. The Guarantor, as the surviving corporation in the merger with KaiserTech Sub, will continue to have the same obligations under the Indenture after the Reorganization as before, including the obligation to issue shares of its Common Stock upon conversion of the Debentures. Pursuant to Section 11.01(b) of the Indenture, the Company, the Guarantor, KaiserTech and the Trustee are expected to execute a supplemental indenture, to be effective as of the date of the Reorganization, now expected to be on or about April 30, 1987, which will permit Debenture holders to convert the Debentures at their option into either KaiserTech's Common Stock or the Guarantor's Common Stock on the same terms and conditions that they can now convert the Debentures into the Guarantor's Common Stock, subject to variations in the conversion price to account for any variations in dilution between the Guarantor's Common Stock and KaiserTech's Common Stock after the date of the Reorganization.

KAISER ALUMINIUM EUROPE INCORPORATED  
(formerly Kaiser Aluminum & Chemical International Company)

Dated: April 10, 1987

## NOTICE OF PREPAYMENT

THE DAIWA BANK, LIMITED  
(Incorporated in Japan)

US\$30,000,000

Callable Negotiable Floating Rate  
Dollar Certificates of Deposit

No. 400201 to 400230, issued on 24th May, 1984  
Maturity Date 24th May, 1988 Optionality Callable in May, 1987  
Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates"), The Daiwa Bank, Limited ("the Bank") will prepay all outstanding Certificates on 29th May, 1987 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

The Daiwa Bank, Limited  
London Branch

Commercial Union Building,  
St. Helen's, 1 Undershaft, London EC3A 3JF

29th April, 1987

## NOTICE OF PREPAYMENT

THE DAIWA BANK, LIMITED  
(Incorporated in Japan)

US\$5,000,000

Callable Negotiable Floating Rate  
Dollar Certificates of Deposit

No. 400002, issued on 11th May, 1983  
Maturity Date 31st May, 1988 Optionality Callable in May, 1987  
Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates"), The Daiwa Bank, Limited ("the Bank") will prepay all outstanding Certificates on 29th May, 1987 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

The Daiwa Bank, Limited  
London Branch

Commercial Union Building,  
St. Helen's, 1 Undershaft, London EC3A 3JF

10th April, 1987

## NOTICE OF PREPAYMENT

THE DAIWA BANK, LIMITED  
(Incorporated in Japan)

US\$30,000,000

Callable Negotiable Floating Rate  
Dollar Certificates of Deposit

No. 400231 to 400260, issued on 31st May, 1984  
Maturity Date 31st May, 1988 Optionality Callable in May, 1987  
Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates"), The Daiwa Bank, Limited ("the Bank") will prepay all outstanding Certificates on 29th May, 1987 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

The Daiwa Bank, Limited  
London Branch

Commercial Union Building,  
St. Helen's, 1 Undershaft, London EC3A 3JF

10th April, 1987

Changes at  
Everard's

Leicester-based brewery EVERARD'S is making a number of changes at board level during 1987. Mr Adrian Weston, chairman, will retire at the end of the year, and be succeeded by Mr Richard Everard. Mr F. A. W. B. (Tony) Everard remains president but retires from all executive functions from November. Mr Anthony Morris, managing director, leaves on April 30 to be succeeded by Mr P. V. (Pete) Lloyd, currently a non-executive director and formerly the brewery's retail director. Mr Rupert Legg, presently retail director (north) with Imperial Inns and Taverns, takes over as sales director responsible for both tied and free trade, on May 1.

FRENCH KIER has made the following changes: At French Kier Midlands, Mr Martin Croft has been appointed managing director. He was contracts director with Robert Marriott. At Robert Marriott, Mr Ray Murphy has been promoted to contracts director. At French Kier Northern, Mr Martin Braston has been promoted to building director. At French Kier Southern, Mr Brian Parkes has been promoted to contracts director. French Kier is a division of C. H. Beazer (Holdings).

Mr David Pead has been appointed group finance director of WARD HOLDINGS. He was group finance director of The Tann Group.

At P & S ENGINEERING CO. Crawley, which recently merged with W. M. Shakeshaft, Manchester, Mr Peter Wright, formerly chief engineer, becomes technical director, responsible for research and development, and Mr Richard Crawcour, formerly sales and marketing manager, becomes P & S director responsible for marketing equipment, instruments, pneumatics and "cubic" enclosures.

Three of CITY LINK's general managers have become board directors of their respective group companies. Mr Geoff Takemura of City Link-Manchester, Mr David Ross of City Link-Basildon, and Mr Terry Deasman of City Link-Garwick.

Mr Ernest Barrett, chairman of Bradford-based HENRY BARRETT GROUP, has retired and been succeeded by Mr Guy Barrett. New managing director of the Steel buildings division is

MASON BEST COMPANY  
MERCHANT BANKING  
USA

is pleased to announce the formation of

## MERIDIAN ENERGY CORPORATION

a major new holding company organized to  
acquire, operate and develop assets in  
the oil and gas industry.

**MERIDIAN ENERGY CORPORATION**

**SENIOR MANAGEMENT**

Joseph E. Bailey, Chairman & CEO  
Joseph D. Mahaffey, President

**BOARD OF DIRECTORS**

Robert H. Dedman, Chairman & CEO, Club Corporation of America, Dallas, Texas  
Robert V. Lindsey, Former President, J.R. Morgan & Co. and Morgan Guaranty Trust Company of New York, New York, New York  
Walter B. Whiston, Former Chairman & CEO, Citicorp/Citibank, New York, New York

**CORPORATE OFFICES**

601 San Jacinto St., Suite 1111, Dallas, Texas 75201 (214) 754-7600  
601 East Main St., Springfield, Connecticut 06601

Mason Best Company, a privately owned merchant banking firm with offices in Dallas, Houston and London sponsored the formation of Meridian Energy Corporation and will be its largest shareholder.

April 1987

Fabulous Contemporary  
JEWELLERY

JUST ARRIVED

Approx. 6 MILLION ITEMS

All offers considered

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# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

### Disappointment hurts dollar

THE DOLLAR lost ground in currency markets yesterday as traders registered their disappointment after the meeting of 87 ministers in Washington. The communiqué issued had nothing new to offer and as a result the dollar's bearish tone tended to gain the ascendancy. Reports about the possibility of a cut in West German interest rates were treated with some scepticism and although speculators were a little wary of central bank intervention at the moment, the end of the IMF meeting could see further downward pressure on the US unit.

It closed yesterday at DM 1.8250 down from DM 1.8300 and a record closing low of 1.8140 compared with 1.8150 on Wednesday. Elsewhere it slipped to Sfr 2.4545 from Sfr 2.4575 and Ffr 6.0725 from Ffr 6.1175. On Bank of England figures, the dollar's exchange rate index fell from 102.2 to 101.6.

STERLING—Trading range against the dollar in 1987 is 1.6185 to 1.7018. March average 1.6528. Exchange rate index 72.2 against 72.4 at the opening and Wednesday's close. The six months ago figure was 67.5.

Trading finished on a slightly weaker note. Comments by Mr Nigel Lawson, Chancellor of the Exchequer, that some countries may need to cut interest rates in order to maintain currency stability were seen as referring to countries such as West Germany. The prospects of an early cut in UK interest rates were dealt a blow when he added that the 6.7 meeting would not necessarily mean a change in UK monetary policy.

## IN NEW YORK

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## STERLING INDEX

Apr 9	Apr 8	Previous
1 month	72.2	72.4
3 months	72.2	72.4
6 months	72.2	72.4
12 months	72.2	72.4

## CURRENCY RATES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## CURRENCY MOVEMENTS

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## OTHER CURRENCIES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## MONEY MARKETS

### Little change

INTEREST RATES remained little changed on the London money market yesterday, with short-term interbank rates steady at 9 1/8 per cent.

Trading was quiet. The market closed before Mr Nigel Lawson, the Chancellor, spoke in Washington on the subject of this week's Group of Seven meeting. He said some countries may need to cut interest rates to maintain exchange rate stability, but added there were no immediate implications for British monetary policy. Mr Lawson also said 67

## UK clearing bank has

leading rate 10 per cent since March 18-19

Countries were concerned that Japan should do more to stimulate domestic demand.

The Bank of England initially forecast a money market shortage of £400m, but revised this down to £350m in the afternoon, and provided total assistance of £350m.

Before lunch the authorities bought £100m bank bills in band 1 at 9 1/8 per cent; £20m bank bills in band 2 at 9 1/8 per cent; £20m bank bills in band 3 at 9 1/8 per cent; £20m bank bills in band 4 at 9 1/8 per cent.

In the afternoon another £250m bills were purchased outright, through £50m bank bills in band 1 at 9 1/8 per cent; £20m bank bills in band 2 at 9 1/8 per cent; £20m bank bills in band 3 at 9 1/8 per cent; £20m bank bills in band 4 at 9 1/8 per cent.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate
Belgium	Franc	1.366333
France	Franc	1.366333
Germany	Mark	1.366333
Italy	Lira	1.366333
Netherlands	Guilder	1.366333
Spain	Peseta	1.366333
UK	Pound	1.366333

## POUND SPOT—FORWARD AGAINST THE POUND

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## EURO CURRENCY INTEREST RATES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## EXCHANGE CROSS RATES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## FT LONDON INTERBANK FIXING

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## MONEY RATES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## LONDON MONEY RATES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## FINANCIAL FUTURES

### Gilts and US bonds fall

US TREASURY bonds and long term gilts weakened on the London International Financial Futures Exchange yesterday. Sentiment was generally weak, and bond futures were very volatile in Chicago after the LIME close.

Long gilts traded nervously in London, as dealers commented that gilts were concerned about the movement in US bonds, and bonds were reacting to the value of the dollar against the yen on the foreign exchanges.

Fears about the weakness of the dollar, and instability on the foreign exchanges weighed on the market. There was little reaction

## LIFE LONG GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## LONG TERM GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

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Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
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## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## LONG TERM GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## FINANCIAL FUTURES

### Gilts and US bonds fall

12, before falling to 98-13, as the dollar lost ground to the yen. The contract closed at 98-17, compared with 97-16 on Wednesday.

Long term gilts for June delivery opened at 122-26, the day's high, and fell to 123-01 as US bonds declined with the weakening dollar. Short covering towards the close helped the contract recover a little to finish at 123-13, compared with the previous settlement of 124-07.

Comments made by Mr Nigel Lawson, the Chancellor, about the possibility some countries may need to cut interest rates, came just before LIME's close, and also helped the late recovery.

## LIFE LONG GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## LONG TERM GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## LONG TERM GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
6 months	1.8170-1.8180	1.8155-1.8165
12 months	1.8170-1.8180	1.8155-1.8165

## US TREASURY BOND FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
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12 months	1.8170-1.8180	1.8155-1.8165

## FINANCIAL FUTURES

### Gilts and US bonds fall

12, before falling to 98-13, as the dollar lost ground to the yen. The contract closed at 98-17, compared with 97-16 on Wednesday.

Long term gilts for June delivery opened at 122-26, the day's high, and fell to 123-01 as US bonds declined with the weakening dollar. Short covering towards the close helped the contract recover a little to finish at 123-13, compared with the previous settlement of 124-07.

Comments made by Mr Nigel Lawson, the Chancellor, about the possibility some countries may need to cut interest rates, came just before LIME's close, and also helped the late recovery.

## LIFE LONG GILT FUTURES

Apr 9	Apr 8	Previous
1 month	1.8170-1.8180	1.8155-1.8165
3 months	1.8170-1.8180	1.8155-1.8165
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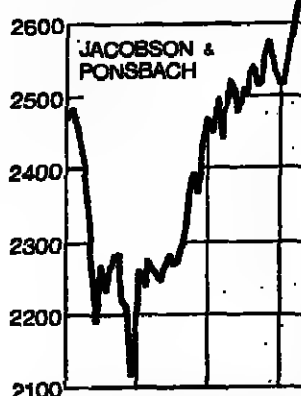
## WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

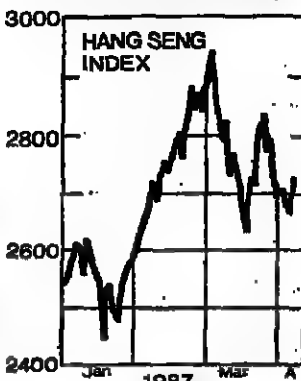
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL AND NATIONAL MARKETS	THURSDAY APRIL 9 1987					DOLLAR INDEX		
	US Dollars per unit of index	Day's Change %	Pound Sterling %	Local Currency Index	Gross Dollars per unit	1987 High	1987 Low	Year to Date (Average)
Figures in parentheses show number of stocks per grouping								
Australia (94)	130.81	+1.6	119.85	122.02	2.85	130.81	99.92	90.77
Austria (16)	93.13	-0.5	85.33	88.31	1.81	100.62	91.97	78.26
Belgium (47)	118.87	+1.5	108.92	111.25	2.18	118.92	96.19	76.75
Canada (131)	134.58	+0.7	126.92	128.38	2.18	136.17	100.00	98.13
Denmark (39)	113.47	+0.7	107.97	108.78	1.38	120.10	98.18	103.27
France (122)	118.40	+1.3	108.49	112.78	2.29	120.79	98.39	81.34
West Germany (90)	94.84	+0.5	86.91	89.99	2.05	100.33	84.00	96.42
Hong Kong (45)	109.69	+1.7	100.51	109.90	3.15	114.71	99.19	70.94
India (24)	120.86	+1.0	114.74	116.36	0.64	120.86	99.50	88.37
Italy (76)	102.94	+1.0	94.33	100.02	1.56	104.69	94.76	77.83
Japan (458)	140.23	+2.4	128.48	128.25	0.50	140.21	100.00	67.18
Malaysia (36)	139.67	+2.9	127.98	130.91	2.89	139.67	99.72	54.82
Netherlands (44)	121.04	+1.1	107.87	108.78	1.88	121.04	99.65	83.51
Netherlands (36)	117.73	+0.1	107.87	110.69	3.97	121.24	99.65	83.51
New Zealand (27)	96.44	+0.8	88.37	88.74	3.04	100.99	83.93	62.65
Norway (23)	130.83	+0.1	119.68	120.84	1.97	130.83	99.00	99.06
Singapore (27)	127.41	+0.8	111.18	111.18	1.13	127.41	99.29	56.41
South Africa (61)	169.17	+0.3	155.01	113.80	3.52	175.51	100.00	98.94
Spain (43)	109.18	+1.1	100.04	105.91	3.89	121.31	100.00	71.26
Sweden (33)	117.26	+1.0	107.45	110.19	2.08	117.26	99.85	86.36
Switzerland (57)	98.02	-0.9	90.55	92.79	1.61	104.06	93.26	80.16
United Kingdom (342)	128.66	-0.2	117.89	117.89	3.60	133.08	99.65	98.78
USA (598)	120.19	-1.5	104.13	120.19	3.09	120.06	100.00	99.57
Europe (936)	114.37	+0.4	104.80	106.95	2.99	115.20	99.78	68.65
Pacific Basin (687)	126.67	+1.3	104.80	114.47	2.55	126.67	99.78	68.65
Asia-Pacific (1823)	128.98	-1.6	118.18	119.15	1.47	128.98	100.00	76.15
North America (729)	120.95	-1.4	110.83	120.98	3.05	120.60	100.00	99.32
World Ex. US (1829)	129.63	+1.5	118.78	119.45	1.52	129.63	100.00	77.17
World Ex. UK (2065)	129.17	+1.3	115.17	120.10	1.26	129.17	100.00	94.59
World Ex. Japan (2366)	125.67	+0.4	115.15	119.90	2.09	125.67	100.00	85.80
World Ex. Japan (1967)	139.16	-0.7	109.19	115.70	3.00	121.08	100.00	94.83
The World Index (2429)	125.95	+0.4	115.42	119.87	2.11	125.95	100.00	85.88

## SWEDEN



**HONG KONG**



## AUTHORISED UNIT TRUSTS

[illegible]**EUROPEAN OPTIONS EXCHANGE**

Series	May 87			Aug 87			Nov 87			Stock
	Vol.	Last		Vol.	Last		Vol.	Last		
GOLD C	3280			6	53					\$421.20
GOLD D	3560				38					
GOLD E	3440	95	11	20	23.50					
GOLD F	3440	95	11			15	23			
GOLD G	3460	118	1.60		8	13	13			
GOLD H	3480									
GOLD I	3460	120	2.30	23	4.30					
		Jun 87			Sep 87			Dec 87		
SILVER C	\$450			22	135A					\$44A
SILVER D	3500				30			100		
SILVER E	3570	125	19	2				48A		
SILVER F	\$720									
SILVER G	3500							230		
SILVER H	3520							55		
SILVER I	3520									
PL300 C	PL300			30	5.60					PL300.27
PL300 D	PL300									
PL300 E	PL300									
PL300 F	PL300									
PL300 G	PL300									
PL300 H	PL300									
PL300 I	PL300									
PL300 J	PL300									
PL300 K	PL300									
PL300 L	PL300									
PL300 M	PL300									
PL300 N	PL300									
PL300 O	PL300									
PL300 P	PL300									
PL300 Q	PL300									
PL300 R	PL300									
PL300 S	PL300									
PL300 T	PL300									
PL300 U	PL300									
PL300 V	PL300									
PL300 W	PL300									
PL300 X	PL300									
PL300 Y	PL300									
PL300 Z	PL300									
PL300 AA	PL300									
PL300 AB	PL300									
PL300 AC	PL300									
PL300 AD	PL300									
PL300 AE	PL300									
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PL300 AI	PL300									
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PL300 AK	PL300									
PL300 AL	PL300									
PL300 AM	PL300									
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PL300 AP	PL300									
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PL300 GC	PL300									
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PL300 GE	PL300									
PL300 GF	PL300									
PL300 GG	PL300									
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PL300 GJ										

## BASE LENDING RATES

ARM Bank	3%	● Charleston Bank	3%	● Morgan Grenville	3 1/2%
ARM & Company	3%	● Citizens Nat.	3%	● Nat. Credit Corp. (N.C.)	3 1/2%
Atlas Bank of Ind.	3%	● Citizens Savings	3 1/2-4%	● Nat. Ind. of Kansas	3 1/2%
Atlas Bank of Mo.	3%	● Citicorp. Bank	3 1/2%	● Nat. Sec. & Inv. Co.	3 1/2%
Atlas Irish Bank	3%	● Clydesdale Bank	3 1/2%	● Nat. Westminster	3 1/2%
American Exp. Co.	3 1/2%	● Comm. Bk. of East	3 1/2%	● Northern Bank Ltd.	3 1/2%
Amerc Bank	3 1/2%	● Commercial Cred.	3 1/2%	● N. York City	3 1/2%
Henry Anderson	3 1/2%	● Co-operative Bank	3 1/2%	● N.W. Finance Co. Trust	3 1/2%
ARL Banking Group	3 1/2%	● Cyprus Popular Bk.	3 1/2%	● Pacific Trust Co.	3 1/2%
Arthur & Co.	3 1/2%	● E. T. Trust	3 1/2%	● R. & S. Bank	3 1/2%
Bank of Alabama	3 1/2%	● Equator's 1st City Bk.	3 1/2%	● Republic Bk. of Scotland	3 1/2%
Bank of Canada	3 1/2%	● Export Trust Ltd.	3 1/2%	● Royal Bank	3 1/2%
Bank Leont (GHI)	3 1/2%	● First Nat. Bank of Gen. Sec.	3 1/2%	● St. Vincent	3 1/2%
Bank of India & Gen.	3 1/2%	● First Nat. Fin. Corp.	3 1/2%	● Trinidad Savings Bk.	3 1/2%
Bank of London	3 1/2%	● Fidelity Bk. Ltd.	3 1/2%	● Union Bank of Ind.	3 1/2-25%
Bank of Ireland	3 1/2%	● Robert Fleming & Co.	3 1/2%	● United Ind. Bk.	3 1/2%
Bank of Mexico	3 1/2%	● Robert Fraser & Pies	3 1/2%	● United National Bank	3 1/2%
Bank of Scotland	3 1/2%	● Grangebank Bank	3 1/2%	● United Tr. P.C.	3 1/2%
Bank of Spain	3 1/2%	● Schwab & Maier	3 1/2%	● Western Trading Corp.	3 1/2%
Bankers Trust	3 1/2%	● HFC Trust & Savings	3 1/2%	● Williams London	3 1/2%
Barclays Nat. Ltd.	3 1/2%	● HSBC Bank	3 1/2%	● Yorkshire Bank	3 1/2%
Beauclerk Trust Ltd.	3 1/2%	● Horvath & Co. Ltd.	3 1/2%		
Beverly Bank	3 1/2%	● IRI Samuel	3 1/2%	● Members of the Association	
Bk. of W. Ind.	3 1/2%	● C. Harris & Co.	3 1/2%	● Houses Committee	8.75-9%
Brown Shipley	3 1/2%	● Hargreaves & Shanks	3 1/2%	● deposits	5.5%-5.75%
Bank of China	3 1/2%	● Hongkong Bank	3 1/2%	● U.S. Treasury	22-25.00% on
Bank of India	3 1/2%	● Hongkong & Shanghai	3 1/2%	● insurance	9.35% All
Bank of Persia	3 1/2%	● Imperial Bank	3 1/2%	● on	6.00-6.00%
Bank of Persia	3 1/2%	● Indus Bank	3 1/2%	● on	5.00-5.00% over
Bank of Persia	3 1/2%	● Merchants & Sons Ltd.	3 1/2%	● on	5.5%-5.5%
Bank of Persia	3 1/2%	● Mutual Bank	3 1/2%	● on	5.5%-5.5%

## 125 reasons for contacting

[illegible]

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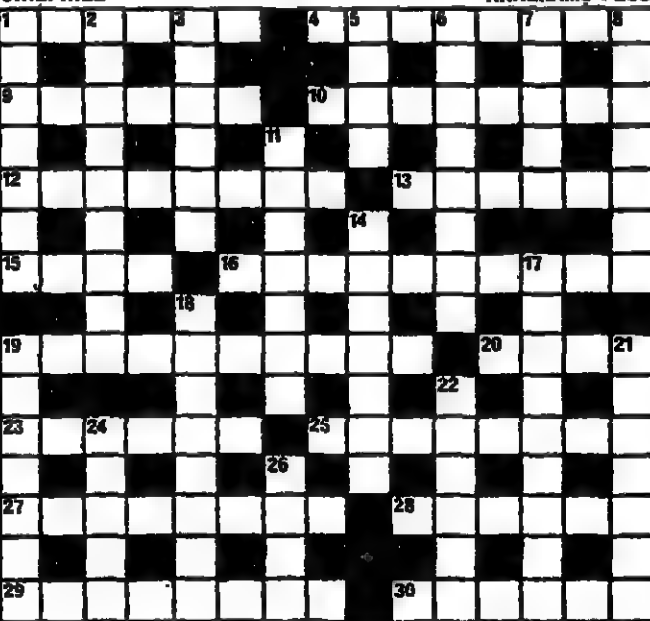
**For more information, contact David Creber (video, videodisc and CBT) or John Baron (seminars and inhouse courses) on 01-351 6955**

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GECOMS G

## F.T. CROSSWORD PUZZLE No. 6,300



20, 24, 3, 1 down; 25, 17, 1 across—5 down; and 26, 7, 28, 19 down, 6, 2, 1 across—5 down: these solutions form two similar series, as indicated by the title. Their clues may be shorter than usual.

**ACROSS**  
1, 5 down Measures hastened  
in emporium (5-5)  
4 What follows backing of  
5 See 1 across  
6 Villain? (4-4)  
7 Male president goes fishing  
(5)

creative activities in Panama" (5, 3) 8 Photographic print to colour readers' outside page (7)  
9 Mythical bird gets round 11 Wide awake article, about

10 Old relations, nearly 3 in gun (8) 14 Double sulphate, not Scott  
12 Enchanting form of road to ish, for old girls (7)

backward island (8)  
13 Why include pub out of the horse's mouth? (6)  
14 Responses relating to deeds? (9)  
15 Popular person, as it were, to come up in bother (8)

15 Where cash is paid on finger-  
tip (4)  
16 Sound of busybody and actor  
producing fruit (8, 4)  
17 This place is a house (7)  
18 People in the wrong may suf-  
fer it (7)

19 Removal of gland: port and  
City take to compiler's (10)

23 Choice of work, one in weight (6)  
25 Roman dog three times may

27 Publicity for small marsu-  
pial in border where it can

F	I	S	C	A	L	I	C	E	V	A	C	H	T
R	H	C				A	E	A	H				
A	M	O	U	N	T	O	B	S	T	A	C	L	E

stand (8)  
23 Chair sounds disconcerted  
(6)  
on X-ray for cuts by New Testa-

30 Cupboard near junction (6)

1 Definite but not specified?  
(7)

2 Moored hermit? (8)

3 Divine drink (6)



Exclud. on next page







**FT UNIT TRUST INFORMATION SERVICE**[illegible]

## LONDON SHARE SERVICE

BRITISH FUNDS						BRITISH FUNDS—Contd						FOREIGN BONDS & RAILS—Contd					
1987 High	Stock	Price	+ or -	Yld %	1st. Ind.	1987 High	Stock	Price	+ or -	Yld %	1st. Ind.	1987 High	Stock	Price	+ or -	Yld %	1st. Ind.
<b>"Stars" (Lings up to Five Years)</b>						<b>Index-Linked</b>											
1001	42 Century Plac 05-07	99 1/2		8.52	BNFL	1294	Frank 1/2 1/2 1997	1297 1/2		4.1	(1)	41	42 Street Trk Ast.	42		5.50	93
1002	42 Century Plac 08-10	99 1/2		8.52	BNFL	1295	Frank 1/2 1/2 1998	1298 1/2		4.1	(2)	42	42 Stn Rd 250, Ast.	42		5.50	93
1003	42 Century Plac 11-13	99 1/2		8.52	BNFL	1296	Frank 1/2 1/2 1999	1299 1/2		4.1	(3)	43	42 Stn Rd 250, Ast.	43		5.50	93
1004	42 Century Plac 14-16	99 1/2		8.52	BNFL	1297	Frank 1/2 1/2 2000	1300 1/2		4.1	(4)	44	42 Stn Rd 250, Ast.	44		5.50	93
1005	42 Century Plac 17-19	99 1/2		8.52	BNFL	1298	Frank 1/2 1/2 2001	1301 1/2		4.1	(5)	45	42 Stn Rd 250, Ast.	45		5.50	93
1006	42 Century Plac 20-22	99 1/2		8.52	BNFL	1299	Frank 1/2 1/2 2002	1302 1/2		4.1	(6)	46	42 Stn Rd 250, Ast.	46		5.50	93
1007	42 Century Plac 23-25	99 1/2		8.52	BNFL	1300	Frank 1/2 1/2 2003	1303 1/2		4.1	(7)	47	42 Stn Rd 250, Ast.	47		5.50	93
1008	42 Century Plac 26-28	99 1/2		8.52	BNFL	1301	Frank 1/2 1/2 2004	1304 1/2		4.1	(8)	48	42 Stn Rd 250, Ast.	48		5.50	93
1009	42 Century Plac 29-31	99 1/2		8.52	BNFL	1302	Frank 1/2 1/2 2005	1305 1/2		4.1	(9)	49	42 Stn Rd 250, Ast.	49		5.50	93
1010	42 Century Plac 32-34	99 1/2		8.52	BNFL	1303	Frank 1/2 1/2 2006	1306 1/2		4.1	(10)	50	42 Stn Rd 250, Ast.	50		5.50	93
1011	42 Century Plac 35-37	99 1/2		8.52	BNFL	1304	Frank 1/2 1/2 2007	1307 1/2		4.1	(11)	51	42 Stn Rd 250, Ast.	51		5.50	93
1012	42 Century Plac 38-40	99 1/2		8.52	BNFL	1305	Frank 1/2 1/2 2008	1308 1/2		4.1	(12)	52	42 Stn Rd 250, Ast.	52		5.50	93
1013	42 Century Plac 41-43	99 1/2		8.52	BNFL	1306	Frank 1/2 1/2 2009	1309 1/2		4.1	(13)	53	42 Stn Rd 250, Ast.	53		5.50	93
1014	42 Century Plac 44-46	99 1/2		8.52	BNFL	1307	Frank 1/2 1/2 2010	1310 1/2		4.1	(14)	54	42 Stn Rd 250, Ast.	54		5.50	93
1015	42 Century Plac 47-49	99 1/2		8.52	BNFL	1308	Frank 1/2 1/2 2011	1311 1/2		4.1	(15)	55	42 Stn Rd 250, Ast.	55		5.50	93
1016	42 Century Plac 50-52	99 1/2		8.52	BNFL	1309	Frank 1/2 1/2 2012	1312 1/2		4.1	(16)	56	42 Stn Rd 250, Ast.	56		5.50	93
1017	42 Century Plac 53-55	99 1/2		8.52	BNFL	1310	Frank 1/2 1/2 2013	1313 1/2		4.1	(17)	57	42 Stn Rd 250, Ast.	57		5.50	93
1018	42 Century Plac 56-58	99 1/2		8.52	BNFL	1311	Frank 1/2 1/2 2014	1314 1/2		4.1	(18)	58	42 Stn Rd 250, Ast.	58		5.50	93
1019	42 Century Plac 59-61	99 1/2		8.52	BNFL	1312	Frank 1/2 1/2 2015	1315 1/2		4.1	(19)	59	42 Stn Rd 250, Ast.	59		5.50	93
1020	42 Century Plac 62-64	99 1/2		8.52	BNFL	1313	Frank 1/2 1/2 2016	1316 1/2		4.1	(20)	60	42 Stn Rd 250, Ast.	60		5.50	93
1021	42 Century Plac 65-67	99 1/2		8.52	BNFL	1314	Frank 1/2 1/2 2017	1317 1/2		4.1</							

## Money Market Bank Accounts

[illegible]



## LONDON SHARE SERVICE

## INDUSTRIALS—Continued

[illegible]

105	Marshall (T) Lenoxy..	169	+2	164.00	2.1	3
153	Martin (R) Greene ID..	197	+2	R3.27	2.3	2
173	Martin (R) Greene ID..	173	+2	173.00	2.3	2

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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417	Parker Knoll 'A'	568		12.0	3.2
198	Parchfeld Group 2p	270	+4	13.6	4.2

[illegible]

77	Median Group	88	+6	15.18	8
740	Elebe	2104	.. ..	113.48	3.7
22	Eleuterio 10m	99	+2	11.04	0.4

175	205	235	265	295	325	355	385	415	445	475	505	535	565	595	625	655	685	715	745	775	805	835	865	895	925	955	985	1015	1045	1075	1105	1135	1165	1195	1225	1255	1285	1315	1345	1375	1405	1435	1465	1495	1525	1555	1585	1615	1645	1675	1705	1735	1765	1795	1825	1855	1885	1915	1945	1975	2005	2035	2065	2095	2125	2155	2185	2215	2245	2275	2305	2335	2365	2395	2425	2455	2485	2515	2545	2575	2605	2635	2665	2695	2725	2755	2785	2815	2845	2875	2905	2935	2965	2995	3025	3055	3085	3115	3145	3175	3205	3235	3265	3295	3325	3355	3385	3415	3445	3475	3505	3535	3565	3595	3625	3655	3685	3715	3745	3775	3805	3835	3865	3895	3925	3955	3985	4015	4045	4075	4105	4135	4165	4195	4225	4255	4285	4315	4345	4375	4405	4435	4465	4495	4525	4555	4585	4615	4645	4675	4705	4735	4765	4795	4825	4855	4885	4915	4945	4975	5005	5035	5065	5095	5125	5155	5185	5215	5245	5275	5305	5335	5365	5395	5425	5455	5485	5515	5545	5575	5605	5635	5665	5695	5725	5755	5785	5815	5845	5875	5905	5935	5965	5995	6025	6055	6085	6115	6145	6175	6205	6235	6265	6295	6325	6355	6385	6415	6445	6475	6505	6535	6565	6595	6625	6655	6685	6715	6745	6775	6805	6835	6865	6895	6925	6955	6985	7015	7045	7075	7105	7135	7165	7195	7225	7255	7285	7315	7345	7375	7405	7435	7465	7495	7525	7555	7585	7615	7645	7675	7705	7735	7765	7795	7825	7855	7885	7915	7945	7975	8005	8035	8065	8095	8125	8155	8185	8215	8245	8275	8305	8335	8365	8395	8425	8455	8485	8515	8545	8575	8605	8635	8665	8695	8725	8755	8785	8815	8845	8875	8905	8935	8965	8995	9025	9055	9085	9115	9145	9175	9205	9235	9265	9295	9325	9355	9385	9415	9445	9475	9505	9535	9565	9595	9625	9655	9685	9715	9745	9775	9805	9835	9865	9895	9925	9955	9985	10015	10045	10075	10105	10135	10165	10195	10225	10255	10285	10315	10345	10375	10405	10435	10465	10495	10525	10555	10585	10615	10645	10675	10705	10735	10765	10795	10825	10855	10885	10915	10945	10975	11005	11035	11065	11095	11125	11155	11185	11215	11245	11275	11305	11335	11365	11395	11425	11455	11485	11515	11545	11575	11605	11635	11665	11695	11725	11755	11785	11815	11845	11875	11905	11935	11965	11995	12025	12055	12085	12115	12145	12175	12205	12235	12265	12295	12325	12355	12385	12415	12445	12475	12505	12535	12565	12595	12625	12655	12685	12715	12745	12775	12805	12835	12865	12895	12925	12955	12985	13015	13045	13075	13105	13135	13165	13195	13225	13255	13285	13315	13345	13375	13405	13435	13465	13495	13525	13555	13585	13615	13645	13675	13705	13735	13765	13795	13825	13855	13885	13915	13945	13975	14005	14035	14065	14095	14125	14155	14185	14215	14245	14275	14305	14335	14365	14395	14425	14455	14485	14515	14545	14575	14605	14635	14665	14695	14725	14755	14785	14815	14845	14875	14905	14935	14965	14995	15025	15055	15085	15115	15145	15175	15205	15235	15265	15295	15325	15355	15385	15415	15445	15475	15505	15535	15565	15595	15625	15655	15685	15715	15745	15775	15805	15835	15865	15895	15925	15955	15985	16015	16045	16075	16105	16135	16165	16195	16225	16255	16285	16315	16345	16375	16405	16435	16465	16495	16525	16555	16585	16615	16645	16675	16705	16735	16765	16795	16825	16855	16885	16915	16945	16975	17005	17035	17065	17095	17125	17155	17185	17215	17245	17275	17305	17335	17365	17395	17425	17455	17485	17515	17545	17575	17605	17635	17665	17695	17725	17755	17785	17815	17845	17875	17905	17935	17965	17995	18025	18055	18085	18115	18145	18175	18205	18235	18265	18295	18325	18355	18385	18415	18445	18475	18505	18535	18565	18595	18625	18655	18685	18715	18745	18775	18805	18835	18865	18895	18925	18955	18985	19015	19045	19075	19105	19135	19165	19195	19225	19255	19285	19315	19345	19375	19405	19435	19465	19495	19525	19555	19585	19615	19645	19675	19705	19735	19765	19795	19825	19855	19885	19915	19945	19975	20005	20035	20065	20095	20125	20155	20185	20215	20245	20275	20305	20335	20365	20395	20425	20455	20485	20515	20545	20575	20605	20635	20665	20695	20725	20755	20785	20815	20845	20875	20905	20935	20965	20995	21025	21055	21085	21115	21145	21175	21205	21235	21265	21295	21325	21355	21385	21415	21445	21475	21505	21535	21565	21595	21625	21655	21685	21715	21745	21775	21805	21835	21865	21895	21925	21955	21985	22015	22045	22075	22105	22135	22165	22195	22225	22255	22285	22315	22345	22375	22405	22435	22465	22495	22525	22555	22585	22615	22645	22675	22705	22735	22765	22795	22825	22855	22885	22915	22945	22975	23005	23035	23065	23095	23125	23155	23185	23215	23245	23275	23305	23335	23365	23395	23425	23455	23485	23515	23545	23575	23605	23635	23665	23695	23725	23755	23785	23815	23845	23875	23905	23935	23965	23995	24025	24055	24085	24115	24145	24175	24205	24235	24265	24295	24325	24355	24385	24415	24445	24475	24505	24535	24565	24595	24625	24655	24685	24715	24745	24775	24805	24835	24865	24895	24925	24955	24985	25015	25045	25075	25105	25135	25165	25195	25225	25255	25285	25315	25345	25375	25405	25435	25465	25495	25525	25555	25585	25615	25645	25675	25705	25735	25765	25795	25825	25855	25885	25915	25945	25975	26005	26035	26065	26095	26125	26155	26185	26215	26245	26275	26305	26335	26365	26395	26425	26455	26485	26515	26545	26575	26605	26635	26665	26695	26725	26755	26785	26815	26845	26875	26905	2693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187	Turner & Newall Ltd.	200	17.4	4
188	W.D. & H.O. Wills Ltd.	200	24.1	4
189	W.D. & H.O. Wills Ltd.	200	32.1	1

[illegible]

Law	Stock	Price	+ -	Div	Yield
211	Albany Life Ss	24 1/2	+1	8 1/2	4

[illegible][illegible]



مکملہ اول

## UNIT 2

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12	PHRY PEARL	30
13	PHIL ELEC	30
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Shell	40	Shell	75
al & Gen	25	Tricentrol	11
Service	35	Ultramar	17
eds Bank	40		
as Inds.	55	Mines	
rks & Spencer	18	Cons Gold	65
Stand Bk	55	Lorain	24
rgan Grenfell	35	Rio T Zinc	65

A selection of Options traded is given on the inside cover.







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**Continued on Page 48**



## AMEX COMPOSITE CLOSING PRICES

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Continued on Page 47



# FINANCIAL TIMES

## WORLD STOCK MARKETS

### AMERICA

## Dollar, inflation fears prompt anxious decline

### WALL STREET

THE WEAKER dollar and rising commodities prices forced Wall Street stock and bond markets to trade nervously lower yesterday, writes Paul Hannon in New York.

A minuscule opening gain in leading indices, stemming from overnight support, was wiped out as investors digested the outcome of the Washington conference of foreign ministers and their reaffirmation to support their earlier accord on the stability of foreign exchange markets.

Brief trading in the bond market exacerbated early falls with key issues plunging over a full point by mid-session.

At the close the Dow Jones industrial average was 32.99 down at 3,339.20.

The prospects of renewed inflation and rising interest rates, stemming from foreign trade and currency market developments, unsettled the stock market and left a broad band of blue chips lower.

Among bellwether issues, IBM accelerated an opening loss to show a fall of 5 3/4% to \$143 1/2 in heavy trading. General Motors lost a further \$1 to \$83 1/4. Sears Roebuck dropped 3/4% to \$54 1/4 and McDonald's retreated 1/4% to \$70 1/4.

The corporate reporting season, which is just about to get under way, and the latest batch of retail sales for leading stores groups attracted attention.

Ford slumped 3 1/2% to \$88 1/4 after the motor group had boosted its quarterly dividend 10 cents to 75 cents, a rise already anticipated by the market.

Whirlpool, the leading household appliances group, showed a gain of 5/8% to \$39 1/4 in thin volume after releasing first-quarter earnings of 98 cents (compared with 67 cents) a share.

Abbott Laboratories, the health care products group, turned in first-quarter earnings of 62 cents per share (against 52 cents) but retreated 1/4% to \$81 1/4 ex dividend.

Broadly higher March retail sales failed to provide a safety net for some of the leading retailers. Wal-Mart, which led the sector with a dramatic 32 per cent increase during the period, fell 5/8% to \$57 1/4 although more modest turnover gains for Woolworth triggered a 5 1/4 drop to \$51 1/4, and a 3 1/2 drop to \$63 1/4 for K mart.

J. C. Penney, which announced lower sales for the month, extended early losses to record a closing drop of 3/4% to \$90 1/4.

Monsanto, the chemicals group, emerged as the most active stock in early trading which took it initially 5 1/2% higher but later traded unchanged at \$54.

Combustion Engineering, the diversified energy and metals group, picked up 5/8% to \$33 1/4 in reaction to its \$200m components contract for two nuclear power plants in Korea.

Uphold continued to lose ground as it considers legal action for alleged infringement of patents on Minocycline, a treatment for baldness. The chemical and ethical drugs group plunged 3 1/4% to \$124 1/4 in moderate volume.

Texas held steady at first but then slipped 1/4% to \$32 1/4 in reaction to overnight news that the embattled oil major had renewed contact with Pennzoil, which is pursuing \$10.3bn settlement over claims of interference with a planned Getty Oil merger. Pennzoil slipped 1/4% to \$87 in thin trading.

Heightened takeover speculation surrounded UAL. The airline to car rental group recovered early gains to close \$14 up at \$73 1/4.

The bond market turned sharply lower as the dollar plunged against the yen. Reports that the New York Federal Reserve had intervened to bolster the dollar after it had moved below \$145 failed to provide much support to sentiment. The reaffirmation by Washington that it, along with other leading industrial countries, was prepared to seek currency stability failed to impress the market. The key long bond, the 7 1/2 per cent due in 2018, posted an opening loss of a half point which then accelerated to a drop of over 2 full points at 93 1/4 to yield 8.97 per cent, the first time in 12 months that this level has been touched.

Federal funds opened at 8 1/2% and moved to 8 1/4 per cent in late trading. A brisk rebound was seen in short-term credit rates with three-month Treasury bills 26 basis points higher to yield 5.89 per cent while six-month bills were 13 basis points up to yield 6.05 per cent. One-year bills were quoted at 6.27 per cent, a gain of 16 basis points.

Canada

HEAVY profit-taking in the oil sector helped pull Toronto share prices lower despite a strong trend among golds.

Imperial Oil Class A was among the worst hit oil stocks, falling 3 1/4% to \$39. Shell Canada lost 1 1/4% to \$38. Mining shares also suffered, with Cominco falling 3 1/4% to \$31 1/4 as it announced the intention to form a new public mineral exploration company. Brevette Minerals said it had sold 3.8m shares of Kerr Addison Mines to a group of underwriters and fell 3 1/4% to \$22 1/4 while Kerr Addison lost 1 1/4% to \$22 1/4.

Financial services and industrials joined in the slide.

Golds firmed, however, with Campbell Red Lake picking up 3 1/4% to \$40 1/4, International Corona up 1 1/4% to \$34 1/4 and Breakwater Resources 1 1/4% to \$32 1/4.

Dominion Textile edged a further 3 1/4% higher to \$32 1/4 following Wednesday's 3 1/4% gain.

Montreal continued to weaken.

### London falls nervously

LONDON oil stocks caught a cold as oil was heavily offloaded in New York following news that US crude and petroleum reserves had jumped sharply. Prices were also hurt by bearishness over BP's plans to buy up Standard Oil, with the City believing BP will have to increase its offer price.

Government bonds fell sharply after dull trade in response to the dip in the dollar's rate against the yen. Turnover was modest, and losses hovered around 1/4 of a point. Details, Page 46.

### EUROPE

## Stockholm hits fourth record

SUPPORTED by a more confident Wall Street overnight performance and a crop of good corporate results, most European business sustained recent firmness, with Swedish stocks again closing at a record. West Germany ran against the trend after a spate of foreign selling.

Stockholm hit its fourth successive record high in reduced turnover of SEK 41.8m from Wednesday's SEK 50.8m. The Veckans Affärer all-share index moved up 5 1/2 to 978.9.

Astra was the star performer, shooting up SEK 53 to SEK 605 amid rumours, denied by the company, of a breakthrough in tests of its anti-AIDS drug.

Telecommunications stock Ericsson continued its surge, adding SEK 4 to SEK 276, while other blue chips also advanced. Electrolux by SEK 3 to SEK 222, Saab-Scania by SEK 8 to SEK 726 and Bolander by SEK 10 to SEK 320.

Asia fell SEK 4 to SEK 321 despite news that the Government had rejected environmentalists' calls to review the group's planned Stockholm power plant.

Frankfurt was weighed down by an absence of foreign buying, some caution about the direction of the dollar and the threat of a strike by the country's metalworkers. The Commerzbank index, calculated at mid-session, lost 2.5 to 1,943.7, missing later falls.

Banks fell sharply, Deutsche Bank by DM 15 to DM 671. Dresdner, expected to announce 1986 results today, lost DM 16 to DM 671, and Commerzbank was DM 5.50 off at DM 770.50. Dealers said the sector was hit by widening ripples from the VW foreign exchange scandal. BHF bank's reported 36 per cent profits rise did not prevent its stock from falling DM 11 to DM 437.00.

VW stock slipped DM 1.30 to DM 396.00 as it confirmed an unchanged DM 10 dividend for 1986. Other cars fared poorly. Daimler losing DM 18.50 to DM 1,010 and BMW 50 pfg to DM 531.50.

Zurich rose again in busy trade boosted by overnight firmness on Wall Street.

Paris benefited from bargain hunters to rise slightly. Gains outlasted by industrials and selected financials. Fiat continued its recent strength to gain 1.25 to 1,129.75.

Milano was moderately higher in all sectors but utilities. Scvillano and Fensco dropped 0.25 points each to 87 and 65 per cent respectively of nominal market value.

Ole moved ahead in all sectors but banks, with oil and shipping issues making best gains.

### SOUTH AFRICA

STRONG DEMAND from overseas, particularly the US, bid up Johannesburg gold shares while industrials rose to another record high.

The all-gold index rose 33 to 2,091 as quality stocks attracted strong buying. A strongly positive report by Merrill Lynch was said to have helped Veal Reefs put on 3 1/4 to R416.00 and Driveline R2.50 to R78.25. Western Deep kept up momentum with a R3 gain to R206.00.

GLAVERBEL, the Belgian company that is Europe's third-largest manufacturer of flat glass, made its debut on the Brussels bourse yesterday with its shares quoted at BFr 2,500 each in early trading compared with an issue price of BFr 1,850.

The offer of 340,000 shares was about 128 times subscribed. The parent company, the Japanese Asahi Glass group, has reduced its shareholding from 73.6 per cent to just over 56 per cent as a result of the offer.

In engineering, Sulzer certificate stock advanced SFr 50 to SFr 3,325 after announcing a higher profit and dividend for 1986. Buss firm fell SFr 25 to SFr 2,275 prior to Monday's announcement of results.

Asahi Glass closed off the day's highs and marginally lower as investors stayed sidelined after the recent buying spate.

Internationals fell from the day's highs, KLM down 30 cents to F 43.20, Alko 70 cents to F 130.90 and Philips F 1.40 to F 51.40.

Brussels rose broadly on strong overseas interest. The Brussels SE index closed up 33.72 at 4,533.35.

Holding companies were particularly strong, led by Reserve which rose BFr 90 to BFr 3,610 in heavy trade. GHL consolidated recent strength to add BFr 60 to BFr 3,880.

Metal stock Vieille Montagne retook much of Wednesday's loss with a BFr 300 jump to BFr 5,800. Metal Hoboken, though, slid BFr 70 to BFr 7,500.

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### TOKYO

AFTER A STRONG performance in morning trading, share prices lost some of their upward momentum but managed to close slightly higher at a fresh peak in Tokyo yesterday, writes Shigeo Nishitani of Jiji Press.

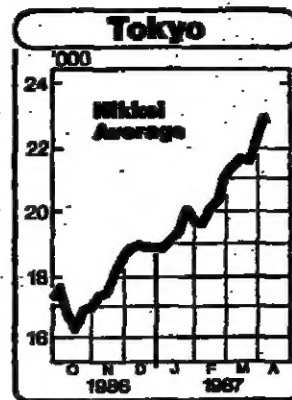
The Nikkei average, which gained 312 at one stage to top the 23,000 level for the first time, closed just 9.21 points higher at a record 22,922.20. Volume decreased to 1,631m shares from Wednesday's 1,901m. Losses outpaced gains by 472 to 420, with 112 issues unchanged.

The market started strongly with financial issues, such as banks and brokerage houses, pacing the upswing.

Later, however, the yen's renewed strength against the dollar drove investors to the sidelines and triggered a wave of selling focused on recently selected large-capital stocks and construction.

Financial issues were at the top of the shopping list. The Long-Term Credit Bank of Japan scored a big gain of ¥200 to ¥18,400. Fuji Bank soared ¥220 to ¥3,390, Sumitomo Bank ¥210 to ¥4,010, Tokyo Marine and Fire Insurance ¥110 to ¥2,410, Mitsubishi Trust and Banking ¥130 to ¥4,550 and Nomura Securities ¥70 to ¥5,000.

Financial issues alone performed strongly amid mounting dissatisfaction among market participants that Wednesday's meeting of 5 finance ministers and central bank governors from the major industrial nations in Washington had gone no further than to reconfirm the



### ASIA

## Nikkei clings to latest peaks

and Sumitomo Chemical ¥10 to ¥355.

Construction issues also fell on a broad front. Taisei Corp and Kajima Corp lost ¥40 each to ¥1,220 and ¥1,850, respectively.

Bond prices turned easy, depressed by reports that the Bank of Japan, concerned about overvalued bond trading, intended to put bond transactions by financial institutions under stricter surveillance.

The yield on the benchmark government bond, maturing in June 1996, fell to 3.815 per cent at one stage. Later, the benchmark issue came under small-lot selling pressure and its yield ended at 3.850 per cent.

In over-the-counter trading, the yield rose further, reaching 3.885 per cent.

### AUSTRALIA

LOWER interest rates, together with a firm Australian dollar, helped to boost share prices in Sydney to a fresh peak as the All Ordinaries index climbed 12.1 to 1,771.6.

Many trading, swelled by a number of block sales, again featured gold stocks despite a slightly easier bullion price. The gold index shot up 73.5 to 3,156.2.

Western Mining Corp was up 30 cents at A\$9.00 following news of its five-for-eight bonus issue and its plans for a new gold mine in the Northern Territory.

Among industrials, Elders put on 14 cents to A\$5.64 in the wake of its plans to float the Courage public houses.

Turnover value on the Australian Stock Exchange hit a record

A\$17.11bn in the first quarter from A\$17.5bn a year earlier while volume increased to 9.95bn shares

### SINGAPORE

OVERSEAS investors, notably from Hong Kong and London, returned to the Singapore market in strength, supporting the bull run and lifting the Straits Times industrial index to a second consecutive record with a gain of 11.88 points to 1,097.28.

Turnover was heavy as investors renewed their faith in the market amid improving economic news and company results.

Second-line issues again attracted most attention, with Tan Chong Motors leading active stocks on 4.4m shares traded; it closed up 4 cents at 63 1/2 cents.

In leading blue chips Genting added 10 cents to S\$6.85 and Keppel 2 cents to S\$3.02.

### HONG KONG

INVESTORS took further courage from the Hong Kong Stock Exchange's decision to bar B shares, buying enthusiastically and pushing the Hang Seng index up a sharp 55.92 points to 2,785.47 for a two-day rise of about 120 points.

Cheung Kong put on 50 cents to HK\$44.25 and Hutchison Whampoa HK\$1.00 to HK\$33.00 while Henderson Land added 20 cents to HK\$35.00.

Jardine Matheson, which is making a scrip issue instead of its planned B shares, advanced HK\$1.00 to HK\$23.00.

### LONDON-TOKYO PACT TIES UP INFORMATION EXCHANGE BETWEEN LARGEST SECURITIES MARKETS

## Keeping abreast of the financial fraudsters

THE AGREEMENT between Japan and Britain to exchange information in their attempt to stamp out international securities fraud is the latest example of regulators clubbing together to outwit increasingly sophisticated financial crimes.

Similar agreements to that signed on Wednesday were made between the US and Britain last September, and America and Japan last May. There is now therefore a triangle of such deals between the regulators of the world's three largest securities markets.

That Mr Michael Howard, UK Minister for Corporate and Consumer Affairs, was able to sign the most recent of the three at the end of a difficult trip to Japan is not an inconsiderable achievement. Much more, though, needs to be done before a proper framework for international securities regulation is achieved.

The importance of the international dimension is shown by the major financial scandals of the past year. Mr Ivan Bosnyak, the disgraced Wall Street arbitrageur, had an investment trust in London; Mr Geoffrey Collier, the former Morgan Grenfell employee, routed his share deals through Los Angeles; and the Guinness saga has led to a trail from London to Jersey to Switzerland to Washington.

So far these scandals have not touched Tokyo, as a financial centre. However, as trading in bonds and equities becomes increasingly international and Japanese opens up its financial markets - albeit rather slowly - to foreigners, it is unlikely it will remain isolated. Wednesday's agreement, therefore, makes considerable sense.

Co-operation between securities regulators has been slow in coming. Unlike their counterparts on banking regulation, who meet regularly at the Bank of International Settlements under the auspices of the Cooke Committee, they do not yet have an established forum for discussing common problems.

Frustrated by the lack of progress, the US Securities and Exchange Commission pursued a unilateral approach in the early 1980s. This involved trying to extend the application of its securities laws overseas.

Not surprisingly, the tactic was greeted with hostility by foreign nations which felt their sovereignty was being infringed. The SEC therefore started signing bilateral deals to exchanges.

The Japanese-British agreement, for example, is less extensive than the US-British agreement.

Under the memorandum of understanding with the US, either side can volunteer information even if it has not been asked for. It is believed such a tip-off from the SEC, resulting from its Beasley investigation, led the UK Department of Trade and Industry on to the trail of Guinness.

The Japanese memorandum is much less of a free flow of information. Rather, parties will have to request information before it is passed, and there will be less compulsion to provide the information than in the American deal.

Britain therefore convened a meeting of international securities regulators, the first of its kind, last December. It is hoping

By Hugo Dixon in London

information with other nations - Switzerland, Canada and the Cayman Islands, as well as Japan and Britain.

Britain has arrived at the same bilateral approach, but from a different history. Initially, it was working on a multilateral approach through the European Commission, but this initiative does not look like surviving anywhere last.

Britain therefore convened a meeting of international securities regulators, the first of its kind, last December. It is hoping

## THE FT TENTH WORLD ELECTRONICS CONFERENCE

London, 13 & 14 May, 1987

This 1987 meeting is set against a background of exceptional turbulence and uncertainty for the industry. Shifting patterns of international competition and trade, higher development costs and shorter product lives are increasing pressures to find new ways to add value and earn profits.

The conference brings together a distinguished panel of industry speakers to review the opportunities and challenges, including:

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| M. Philippe Dreyfus<br>CAP Gemini Societ          | Mr Gerrit Jeelef<br>Philips Gloeilampenfabrieken NV | Mr Bun-ichi Oguchi<br>Fujitsu Limited                |
| Mr Michiyuki Uenohara<br>NEC Corporation          | Sir James Blyth<br>Plessey Company plc              | Mr Peter Bonfield<br>International Computers Limited |

This will be the tenth meeting in this high-level series, which has for the past several years provided an unparalleled forum for in-depth analysis and discussion of key industry issues.

### THE FT TENTH WORLD ELECTRONICS CONFERENCE

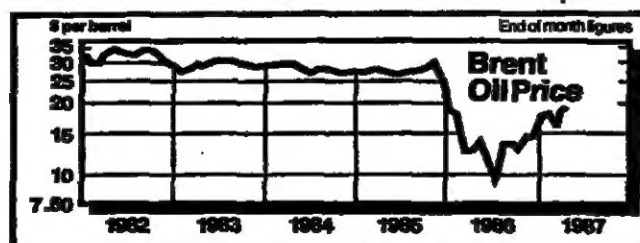
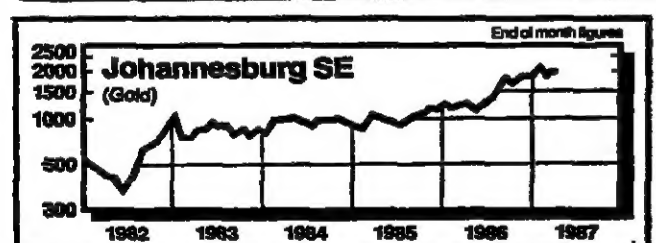
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### KEY MARKET MONITORS



STOCK MARKET INDICES			
	April 9	Previous Year	% Chg
NEW YORK	3,339.20	2,372.16	28.44
DJ Industrials	353.63	261.01	28.44
DJ Transport	206.36	208.52	108.80
S&P 500	232.86	237.38	233.78

LONDON FT			
	April 9	Previous Year	% Chg
Ord	1,546.2	1,556.8	1,401.5
SE 100	1,862.8	n/a	1,659.0
A All-shares	986.51	n/a	832.39
A 500	1,026.44	n/a	917.63
Gold mines	441.2	436.2	281.5
A Long gr	9.17	n/a	8.50
World Ind. Ind	1,125.00	1,125.47	1,123.39

TOKYO			
	April 9	Previous Year	% Chg
Nikkei	22,922.20	15,102.0	51.102
Tokyo SE	1,981.44	1,561.02	1,212.08

AUSTRALIA			
	April 9	Previous Year	% Chg
All Ord	1,771.2	1,759.0	1,153.9
Metals & Mins	1,033.3	1,112.3	54.0

AUSTRIA			
	April 9	Previous Year	% Chg
Credit Aktien	201.45	201.33	111.47

BELGIUM SE			
	April 9	Previous Year	% Chg
	4,567.17	4,533.35	3,619.92

CANADA			
	April 9	Previous Year	% Chg
Toronto	2,722.1	2,743.0	2,258.0
Met & Mins	3,837.4	3,866.9	3,059.10
Composite	1,892.93	1,820.52	1,587.00

DENMARK SE			
	April 9	Previous Year	% Chg
	201.20	238.77	

FRANCE			
	April 9	Previous Year	% Chg
CAC 40	452.9	449.70	374.1
Ind. Tendance	114.40	113.70	90.9

CURRENCYS (London)			
	April 9	Previous Year	% Chg
US DOLLAR	1.5462	1.5180	1,818.0
SWISS FR	144.70	146.55	2,543.25
DM	6.0728	6.1175	8,825.82
FF	1.5146	1.5350	2,400.00
YEN	2.0000	2.0775	3,333.33
DM	1.3000	1.3000	2,100.00
DM	1.3000	1.3000	2,100.00

INTEREST RATES
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